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General

Warsaw Pact Committee Holds Session in Budapest

Foreign, Defense Ministers Arrive

OW2502041191 Beijing XINHUA in English
0205 GMT 25 Feb 91

[Text] Budapest, February 24 (XINHUA)—Preparations for the special session of the Political Consultative Committee of the Warsaw Pact have completed as foreign and defense ministers of the Pact's six nations arrived here this evening for tomorrow's session.

Soviet Foreign Minister Aleksandr Bessmertnykh was also for the first time to visit Hungary since he took the post of foreign minister [sentence as received].

Documents concerning the session, drafted by an expert panel which has made final revision and touch [as received] on the documents in the past two days, will be signed by the participants Monday.

The documents will announce the dissolution of the military structure of the Warsaw Pact and an end to all its military actions by March 31, 1991.

After the disbanding of the military structure, a regular meeting of the Pact's Political Consultative Committee is to be held to discuss the fate of the Pact's political structure.

The session is reported to be held in Prague before July 1.

Ministers Discuss Disbanding Pact

OW2502091491 Beijing XINHUA in English
0901 GMT 25 Feb 91

[Text] Budapest, February 25 (XINHUA)—Foreign and defense ministers of the Warsaw Pact six member nations met here this morning to discuss the disbanding of the Pact's military structure founded 36 years ago.

Soviet Foreign Minister Aleksandr Bessmertnykh was making his first visit to Budapest since he became the foreign minister.

A document, which will be passed by the special session of the Pact's Political Consultative Committee at noon, will officially announce "the dissolution of the military structure of the Warsaw Pact and an end to all its military actions by March 31, 1991."

The Pact's military structure was slated to be scrapped by the end of June this year. On February 9, Soviet President Mikhail Gorbachev proposed that it be dissolved at an earlier date, and that the Pact summit be reduced to a meeting of its foreign and defense ministers. The proposal was accepted by the Pact's other members.

After the disbanding of the military structure, a regular meeting of the Pact's Political Consultative Committee is to be held before July 1 to discuss the fate of the Pact's political structure.

Presidents of Poland, Czechoslovakia and Hungary suggested in mid-February that the Pact's political structure be scrapped by next spring.

The Warsaw Pact originally had eight members when it was founded in 1955. In September 1968, Albania quitted the organization in protest against the Pact's invasion of Czechoslovakia, and in September 1990, East Germany announced its withdrawal from the Pact due to its incorporation with West Germany.

Gulf War Coverage

Ministry Spokesman Expresses 'Regret' Over War

OW2402120291 Beijing XINHUA in English
1149 GMT 24 Feb 91

[Text] Beijing, February 24 (XINHUA)—The Chinese Government expressed its deep regret for the escalation of the Gulf war and the hope for a peaceful resolution of the Gulf crisis at an early date, a Chinese Foreign Ministry spokesman said here today.

The spokesman said that on February 24, fierce ground battles were started between the multi-national forces of the United States and other countries and the Iraqi troops inside Kuwait and Iraq. While the hopes for a peaceful settlement of the Gulf conflict were recently raised, the war that the world's people loath to see has nevertheless escalated.

He said that the Chinese Government hereby expresses its deep regret for this.

He said, "Since the outbreak of the Gulf crisis, we have painfully witnessed a heavy toll of human lives, including that of many innocent civilians, and the destruction of enormous wealth."

He said what is disturbing is that with the unfolding of the ground war, it will bring greater sufferings to the people in the region.

He said that the Chinese Government strongly appeals to the warring parties to take an approach of restraint so as to prevent greater and irretrievable losses.

He said China hopes that all the parties will continue their efforts to find a practicable solution as to achieve at an early date a peaceful resolution of the Gulf crisis.

Further on Travels of Special Envoy Yang Fuchang**Meets Hashemi-Rafsanjani**

OW2302124691 Beijing XINHUA in English
1231 GMT 23 Feb 91

[Text] Tehran, February 23 (XINHUA)—Iranian President Hashemi-Rafsanjani today met the Chinese Government's special envoy, Deputy Foreign Minister Yang Fuchang.

Yang conveyed a verbal message on the Gulf war from Chinese President Yang Shangkun to his Iranian counterpart. No details of the message were disclosed.

According to an official source close to Yang, the Chinese envoy said in the half-an-hour meeting that China and Iran have identical views on a wide range of the Gulf issues.

Both countries are opposed to the August 2 Iraqi invasion of Kuwait, hoping that the Gulf crisis would be settled peacefully and heavy losses on the Iraqi people be avoided, Yang was quoted as saying.

The special envoy, who arrived here for a three-day visit Thursday, said, "We are glad to find out that Iran is playing an important role in seeking a peaceful solution to the Gulf crisis," adding, "China appreciates and attaches importance to the Iranian role."

President Hashemi-Rafsanjani expressed thanks for the message from the Chinese president and took delight in China's active diplomacy in seeking a peaceful end to the Gulf crisis.

Iran has long desired for China's peace efforts, the president said, adding, "As a permanent member of the U.N. Security Council, China should play an important role (in settling the Gulf crisis)."

Both sides expressed the desire for closer ties between the two countries, stressing that to develop friendly relations is their common strategy.

Expressing satisfaction at bilateral ties, President Hashemi-Rafsanjani said, "We are confident in each other, especially on some major issues. We hope bilateral relations would be further expanded."

The Chinese envoy briefed the Iranian president on China's stable political situation and economic achievements, while conveying greetings to him from President Yang Shangkun and Premier Li Peng.

Hashemi-Rafsanjani asked the special envoy to return his greetings to the Chinese leaders.

Iran is Yang Fuchang's last leg of his current four-nation tour, which had also taken him to Syria, Turkey and Yugoslavia.

Shares Views With Velayati

OW2302154191 Beijing XINHUA in English
1524 GMT 23 Feb 91

[By Li Hongqi]

[Text] Tehran, February 23 (XINHUA)—Iran's Foreign Minister 'Ali Akbar Velayati met here today with the Chinese Government's special envoy, Deputy Foreign Minister Yang Fuchang on the Gulf issue and bilateral relations.

Yang, who arrived here on Thursday for a three-day visit, said that China attaches importance to Iran's role in seeking a peaceful settlement of the Gulf crisis and appreciates its policy of neutrality in the conflict, according to an official source close to the envoy.

China and Iran have identical views on a wide range of the Gulf issues, opposing the August 2 Iraqi invasion of Kuwait, demanding unconditional Iraqi pullout from that tiny Gulf country and seeking a peaceful end to the Gulf crisis, Yang added.

The special envoy, who had also visited Syria, Turkey and Yugoslavia during his four-country tour, expressed the hope that the two countries would continue their joint efforts to settle the Gulf problem.

He also conveyed greetings from Chinese Foreign Minister Qian Qichen to Velayati.

In his turn, Velayati welcomed Yang's current visit, while confirming that the two countries' stands on the Gulf crisis were "very similar."

He praised China for its role in the U.N. Security Council in search for a peaceful solution to the Gulf crisis, and appreciated China's "neutral and independent" stand toward the conflict. The Iranian foreign minister expressed the hope that the bilateral relations would develop further, saying the two countries have a great potential for expanded cooperation.

Earlier today, Yang held his first round of talks with Iran's Deputy Foreign Minister Ala-ed-Din Borujerdi and then with Iranian President Hashemi-Rafsanjani.

He conveyed a verbal message from Chinese President Yang Shangkun to his Iranian counterpart. But no content of the message was disclosed.

Confers With Iranian Counterpart

OW2302235691 Beijing XINHUA Domestic
Service in Chinese 1639 GMT 23 Feb 91

[Text] Tehran, February 23 (XINHUA)—Special envoy of the Chinese Government Yang Fuchang said here today that the pressing task of the moment is to prevent the Gulf war from spreading and escalating.

During the first round of talks with his Iranian counterpart Ala-ed-Din Borujerdi, the Chinese deputy foreign minister said his four-country visit was aimed at

exploring ways to peacefully settle the Gulf conflict and outlining Beijing's idea regarding the Gulf issue.

Yang said that Iraq should first withdraw its troops from Kuwait, which is the common demand of the international community.

Second, the parties concerned should express their willingness for peace and China welcomes the announcement by the Iraqi Revolutionary Command Council of its willingness to withdraw its troops from Kuwait.

Third, the urgent task of the moment is to prevent the war from expanding, spreading and escalating.

Fourth, the security of the Gulf region in the aftermath of the conflict should be maintained mainly by the regional countries, foreign troops should pull out of the region and Arab countries and Islamic countries should play an important role.

Yang said China does not stand for the idea that the Middle East issues should be linked to the Gulf conflict. However, Yang stressed, the international community should pay full attention to the fact that the Arab territories have been under Israeli occupation for more than 40 years and the rights of the Palestinian people have not been restored.

The special envoy, who has visited Syria, Turkey and Yugoslavia, added that China is pleased to see that China and Iran have identical views on a wide range of issues.

During the meeting, the Iranian deputy foreign minister briefed the Chinese special envoy on the latest developments in the Gulf conflict and Iran's principled stand.

Borujerdi said that Iran condemned the Iraqi occupation of Kuwait at the outset and has supported all U.N. resolutions. He said that in the future Iran will continue to improve, and to normalize relations with Iraq and continue its effort for a peaceful settlement of the Gulf crisis.

He also expressed Tehran's willingness to improve relations with the Arab countries in the Gulf region.

Iran has appealed, through the international community and the International Red Cross, for food and medical aid to the Iraqi people.

Borujerdi held that foreign troops should leave the Gulf region as soon as possible and the security in the region should be arranged by states in the region. The Gulf crisis cannot be solved through military means, he added.

He expressed welcome for the visit of the Chinese special envoy at this moment. He hoped that China, as a permanent member of the U.N. Security Council, will play an important role in settling the Gulf crisis.

Chinese special envoy Yang Fuchang said: The Chinese Government supports the efforts of the international

community, including Iran and the Non-Aligned Movement, for a peaceful settlement of the Gulf crisis and will continue to make unremitting efforts toward this goal together with the international community.

Views Future Gulf Security

LD2302122691 Tehran Domestic Service in Persian
1030 GMT 23 Feb 91

[Text] Mr. Yang Fuchang, Chinese deputy foreign minister and special presidential envoy, in the first round of his talks with Iran's deputy foreign minister about solving the Persian Gulf crisis, said: Since Iraq has accepted the Soviet peace plan, we hope that the government of that country takes speedy action to evacuate its forces from Kuwait.

According to a Central News Unit report, he added: We believe the security of the Persian Gulf region must be maintained by the regional countries and that the independence and territorial integrity of these countries, including Iraq, must be preserved.

While outlining the stance of the Islamic Republic of Iran on the latest developments in the region, Iranian deputy foreign minister said: The opportunity that has arisen following Iran's efforts and the Soviet peace plan to end this unequal war is, in fact, the last chance to prevent further massacre and destruction. If the multinational forces do not accept Iraq's unconditional withdrawal, they will have in effect stepped beyond the Security Council authorization.

Finally, he said: The maintenance of the region without Iran's active participation would not be practical and possible.

Pledges Peace Efforts; Ends Tour

OW2402153891 Beijing XINHUA in English
1450 GMT 24 Feb 91

[Text] Tehran, February 24 (XINHUA)—Chinese Vice Foreign Minister Yang Fuchang expressed here today that China will continue its efforts in bringing peace to the Gulf.

Ending his visits to Syria, Turkey, Yugoslavia and Iran, the envoy said that China will continue to support any international mediating effort to find an early end to the Gulf war.

Yang said that his tour had strengthened the understanding between China and the four nations and had attained the planned objectives.

Outlines 6-Point Proposal for Peace

OW2402190991 Beijing XINHUA Domestic
Service in Chinese 1709 GMT 24 Feb 91

[By reporter Li Hongqi (2621 4767 2475)]

[Text] Tehran, 24 Feb (XINHUA)—Vice Foreign Minister Yang Fuchang, special envoy of the Chinese Government, left here by airplane for home today after ending his four-nation tour of Syria, Turkey, Yugoslavia, and Iran.

Before his departure, Yang Fuchang made a statement to XINHUA reporters, explaining the Chinese Government's six-point plan for a peaceful settlement of the Gulf crisis: 1) Iraq must withdraw its troops from Kuwait. This is the universal demand of the international community. 2) All parties concerned should demonstrate the desire for peace. 3) The spread, expansion, and escalation of the war should be prevented. Every effort should be made to avoid actions which might increase casualties or destroy peaceful facilities [he ping she shi 0735 1627 6080 2457]. Every effort should be made in striving to create conditions for peace. 4) The question of security in the Gulf region after the war should be settled primarily through consultations among countries in the region. Foreign military forces should withdraw from the Gulf region, allowing Arab and Islamic countries to play a greater role. 5) Concerning the Middle East problem, if the Arab-Israeli conflict remains unresolved, it will be impossible to have genuine and lasting peace in the Middle East and the Gulf. The international community should attach sufficient importance to this question. 6) The preceding five points need not be linked. These points may be solved at different times or in a different sequence, but they should be considered carefully, and importance should be attached to them.

Yang Fuchang said: In order to strive for a peaceful solution of the Gulf crisis and end the war as quickly as possible, during my visit, I proposed the above ideas on behalf of the Chinese Government, discussing these ideas with leaders and foreign officials in the four countries I visited.

He said: "After an extensive exchange of views, I discovered that China's position on the Gulf crisis is nearly identical to that of the four countries; there is a great deal of common understanding among us. The four countries all hope that China, as a permanent member of the Security Council, will play an important role in the settlement of the Gulf crisis; they all appreciate China's position on the peaceful settlement of the Gulf crisis and efforts made by China to this end."

He also said: "The ground war in the Gulf has begun. The flames of war are intensifying. This means that there will be greater loss of property and more casualties in the Gulf. The Gulf crisis has lost another opportunity for peace. This is regrettable."

Nevertheless, he expressed the belief that the international community will not abandon efforts for peace, adding that all warring parties should demonstrate the desire for peace and that they should not lose another opportunity for peace.

He said: "China will continue to support international mediation efforts aimed at a peaceful solution to the Gulf crisis and will join the international community in striving for an end to the Gulf war and the realization of peace at an early date."

Explains Consensus With Officials

OW2402200391 Beijing XINHUA in English
1951 GMT 24 Feb 91

[Text] Tehran, February 24 (XINHUA)—China and Iran agreed to continue their efforts to seek a peaceful solution to the Gulf crisis, said the Chinese Government's special envoy, Deputy Foreign Minister Yang Fuchang here today.

At the end of his three-day visit to Iran, Yang told reporters at the airport that he had discussed the Gulf crisis with Iranian officials and both sides reached an "extensive consensus" on the issue.

Beijing and Tehran have called for an unconditional Iraqi withdrawal from Kuwait and a peaceful solution to the Gulf crisis. Both countries have also made a series of efforts to try to end the conflict.

Seeing him off at the airport, Iran's Deputy Foreign Minister Ala-ed-Din Borujerdi said that as a permanent member of the U.N. Security Council, China has a special part to play in putting an end to the Gulf war.

He expressed the hope that the two countries would continue their contacts on major international issues and bilateral ties.

Bilateral relations was another main topic of discussions between the Chinese and Iranian officials. The two sides agreed to further boost their cooperations in various fields.

The China-Iran Joint Economic and Technological Cooperation Commission would meet in Beijing in the near future to follow up the discussions on bilateral ties, the Chinese envoy disclosed.

During his stay here, Yang conveyed a verbal message on the Gulf crisis from Chinese President Yang Shangkun to his Iranian counterpart Hashemi-Rafsanjani.

He met with Iran's Foreign Minister 'Ali Akbar Velayati and Economics and Finance Minister Mohsen Nurba-khsh, and also held two rounds of talks with his Iranian counterpart Borujerdi, the former Iranian ambassador to China.

Iran was Yang's last leg of a four-country tour, which had also taken him to Syria, Turkey and Yugoslavia.

Terms Tehran Visit 'Fruitful'

LD2502084291 Tehran IRNA in English
0812 GMT 25 Feb 91

[Text] Beijing, Feb. 25, IRNA—Chinese Deputy Foreign Minister and government's special envoy Yang Fuchang

described the outcome of his recent visits to Iran, Syria, Turkey and Yugoslavia as "fruitful".

Speaking to IRNA upon return from his four-nation tour Monday morning, Yang said that his negotiations with the Iranian officials on various issues including the Persian Gulf crisis and Tehran-Beijing bilateral ties were fruitful. He said that Iran and China shared common stands on many issues relating to the Persian Gulf crisis.

Deploing the start of the land war against Iraq, Yang expressed the hope that international bodies continue their efforts to find a peaceful solution to the crisis.

On Iran-China bilateral ties, the Chinese official said with holding the 6th session of the joint economic-commercial commission this year the mutual relation [as received] will be upgraded and further expanded in all domains.

Iraqi Deputy Prime Minister's Visit Detailed

HK2302025091 Hong Kong WEN WEI PO in Chinese
23 Feb 91 p 1

["Special dispatch from Beijing" by WEN WEI PO Beijing-based correspondent Chen Chien-ping (7115 1696 1627): "Inside Story of Iraqi Deputy Prime Minister's Visit to China"]

[Text] Iraqi Deputy Prime Minister Hammadi suddenly visited Beijing a few days ago, and his hasty trip aroused many conjectures in the outside world. By contacting some people in the diplomatic circles here, this reporter learned about some important details about the event and found it worth revealing them to our readers.

As I was told, the main message brought by Hammadi to China was Iraq's position, which was adopted on 15 February, on conditionally accepting the relevant UN resolutions. Hammadi explained Iraq's position and hoped to win China's support. He indicated that if Iraq's position was not understood and accepted by the international community, Iraq would be determined to fight the war to the end without fear of sacrifices. He also wanted to listen to China's comments on whether there were any improper points in Iraq's position. According to sources, Chinese Premier Li Peng talked with Hammadi from morning to afternoon on 20 February.

Li Peng stressed the Chinese Government's position: No matter what historical relations and disputes there are between Iraq and Kuwait, Iraq is wrong in sending troops into Kuwait. Iraq should immediately withdraw its troops from Kuwait. Li Peng said: China hopes that the current conflicts can be immediately stopped, and China supports the proposals on the peaceful settlement of the conflicts put forward by some countries. While agreeing to accept the relevant UN resolutions, Iraq also raised other conditions, such as that no foreign troops should be stationed in the Gulf and that the problem between Israel and the Arab world should be settled. These are correct demands, but they cannot be taken as

the prerequisites for Iraq's force withdrawal. If Iraq insists that these terms be taken as the prerequisites for its force withdrawal, the international community will not accept them.

Li Peng said: If Iraq accepts Soviet President Gorbachev's proposal, it will be grasping an opportunity. He also pointed out that once the ground battles break out, the situation will become more unfavorable to Iraq. If Iraq now withdraws forces from Kuwait, it will be able to limit the war to a certain scope and preserve its national strength. So it is a crucial juncture, and there is not much time. Iraq should make a prompt decision. Otherwise, if it continues to fight, no matter which side wins, there will be tremendous losses.

Reportedly, Iraq's attitude was rather tough in the morning's talks, but its attitude toward force withdrawal was somewhat softened in the afternoon.

Editorial Views Soviet Peace Proposal

HK2302061091 Hong Kong WEN WEI PO in Chinese
23 Feb 91 p 2

[Editorial: "Both Sides Should Act According to UN Security Council's Resolutions"]

[Text] Iraq and the Soviet Union have concluded a new peace scheme, and Iraq has agreed to unconditionally withdraw its troops from Kuwait. A more concrete timetable was fixed for the force withdrawal. In the new scheme, Iraq did not mention the Palestinian issue, the Lebanese issue, and the issue of Israel's occupation of the Arab territories as the prerequisites for its force withdrawal. Its attitude was substantially different from before. However, the steps of the force withdrawal were still out of keeping with the demand of the United States. U.S. President Bush last night announced that the United States did not accept the peace scheme, and ordered the Iraqi troops to begin withdrawing from Kuwait not later than 1300 on Saturday and withdraw all troops within seven days. As the first step, Iraqi troops must be withdrawn from Kuwait City within 48 hours, and Iraq must release all the prisoners of war and jailed foreign nationals.

The force withdrawal steps announced by Iraq are: 1) Force withdrawal will begin the day after the ceasefire; 2) after two-thirds of the Iraqi troops are withdrawn, the United Nations will stop the sanctions imposed on Iraq; 3) after the completion of the force withdrawal, the UN Security Council's relevant resolutions will no longer be valid. 4) As soon as the ceasefire begins, the prisoners of war will be released; 5) the force withdrawal will be supervised by countries that are not involved in the war and by the United Nations.

All force withdrawal schemes must be subject to international supervision. However, Iraq's force withdrawal scheme is still incomplete. When will Iraq withdraw two-thirds of its troops? When will it complete the force withdrawal? No details about this have been revealed so

far. It is expected that the Soviet Union and Iraq are still discussing the final timetable for the force withdrawal, and more details will be announced soon. Iraq hopes that when two-thirds of its troops are withdrawn from Kuwait, the United Nations will lift the economic sanctions against it. This is not in line with the UN Security Council's Resolution 660, and it is certain that the international community will continue the sanctions against Iraq until it withdraws all troops from Kuwait.

As for which UN Security Council resolution will cease to be valid after the completion of Iraq's force withdrawal, this will still be open to discussion.

Anyhow, the deadlock has been broken, and Iraq has explicitly indicated its willingness to move toward the objective set forth by the UN Security Council's Resolution 660. This is a positive move. Since the opportunity for peacefully settling the Gulf conflicts, all peace-loving international forces should urge the two belligerent sides to assume a sensible attitude and strive for the early realization of peace and cease-fire.

The U.S. officials stated that Iraq's force withdrawal scheme still has conditions, so it is unacceptable. If this was aimed at forcing Iraq to implement the UN Security Council's resolutions to the letter, this may be regarded as a normal reaction. Certain points in the force withdrawal timetable and steps are indeed open to further negotiations. If the allied forces are not satisfied with the current scheme, they may put forward more reasonable proposals and bring the force withdrawal steps completely into line with the requirements of the UN Security Council's resolutions. In order to create a favorable atmosphere for negotiations, the allied forces headed by the United States should exercise restraint and should not further escalate the war.

All UN resolutions were aimed at forcing Iraq to withdraw from Kuwait, and they did not mention the need to destroy Iraq or to establish a new regime in Iraq. When Iraq announced its willingness to unconditionally withdraw its troops, if the United States still launched a ground offensive and expand the war, thus causing greater losses of lives and property to the innocent people, and leading to tremendous destruction to the oil fields in the Gulf and consequently harming the economies of various countries in the world, this can never be regarded as a sensible decision. U.S. President Bush has repeatedly hinted that the United States would get rid of the Saddam Husayn regime. If that is the case, the U.S. military actions will go beyond the requirement of the UN Security Council's Resolution 660. This will certainly cause a split in the allied forces. In order to safeguard the dignity of the UN resolutions, the UN Security Council has every reason to criticize and condemn such actions. At that time, the United States will no longer be able to flaunt the banner of the UN Security Council to justify its military actions. In such circumstances, the United States will have to face the strong international opinion.

Three permanent members of the UN Security Council, namely, China, the Soviet Union, and France, have expressed support for the peace scheme. Other non-permanent members of the UN Security Council also are inclined to a peaceful solution. If the United States goes against the will of most of the countries in the UN Security Council and acts perversely, it will fall into a passive position. Once this situation appears, Bush will also encounter political trouble at home. How will the United States react has now become the focus of the world's attention.

Last night, Bush ordered the Iraqi troops to withdraw by Saturday, and this seemed to indicate that he was anxious to win the initiative back from the Soviet Union, and tried to show that the time and steps of Iraq's force withdrawal were not decided by the Soviet Union but by the U.S. president who commanded the 600,000 allied forces, and Iraq should thus obey the order of the United States. However, when there is a change in the Gulf situation, how to settle the crisis should be subject to the UN Security Council's discussion. The focus of the future situation will be shifted to the UN Security Council, and the situation's development will be contingent on the diplomatic maneuvers and the trial of strength between various forces.

XINHUA Roundups Track Events, Statements

U.S. Starts Ground War in Kuwait

OW2402075091 Beijing XINHUA in English
0608 GMT 24 Feb 91

["XINHUA Gulf-Roundup at 05:40 GMT: U.S. Starts Ground War, Iraq Vows Never To Surrender"—XINHUA headline]

[Text] Beijing, February 24 (XINHUA)—The U.S.-led coalition forces started a massive ground offensive against Iraq Saturday night, while Baghdad proclaimed Iraqis will never to surrender.

The ground war began hours after Baghdad fully endorsed Moscow's six-point peace proposal which calls for an unconditional and complete withdrawal of Iraqi troops from Kuwait, and came several hours after U.S.-set deadline for Iraqi withdrawal from Kuwait expired Saturday noon.

Speaking in a nationwide television broadcast late Saturday or hours after the land battle broke out, U.S. President George Bush announced he had ordered a ground assault against Iraq, saying he had no doubts the coalition forces would evict Iraq from Kuwait swiftly and decisively.

President Bush said he had given his forces commander, General Norman Schwarzkopf, the go-ahead to launch the ground war.

In his 10-minute speech, Bush said he had had extensive talks with his security advisers and coalition members before taking his action.

Immediately after President Bush's statement, Defense Secretary Dick Cheney announced that a veil would be drawn over fighting information in the immediate future.

"Now we must limit what we say. The position of movements and plans must be safeguarded."

Cheney said the intention was to keep Iraqi forces confused, and any move to clarify the position of coalition forces to the enemy would endanger the lives of the servicemen.

According to Pentagon sources, the U.S.-led multinational forces have recovered the occupied Faylakah Island, Kuwait's second largest island, in a massive ground campaign that started early this morning.

The sources said that more than 20,000 U.S. Marines will launch an amphibious offensive soon after the allied airplanes destroy the Iraqi positions along the seashores and clear the mines in the way the marines will take to land themselves.

The allied troops have already broken the first defence line the Iraqis deployed along the Iraqi border with Kuwait and Saudi Arabia, and marched into the Kuwaiti and Iraqi territories, the sources added.

Hours after the grand battle broke out, a spokesman of Iraq's Embassy to the United Nations said his country will never surrender.

"Iraq will never surrender, a lot of Americans will also die," the spokesman told the Cable News Network.

Meanwhile, Iraq fired a Scud missile at Saudi Arabia. It also launched a fresh missile attack on Israel on Saturday evening and said its frontline troops were ready to "strike where it hurts" and send their enemies tumbling "into the great crater of death."

In a broadcast prior to the start of the allied grand offensive, the official Iraqi radio denounced Bush as "the Hitler of the 20th century" and said Iraq was fully aware of the consequences of what it called his "miserable ultimatum."

"Iraq is basically launching a defensive war against the largest and fiercest U.S.-Zionist aggression in which 30 countries are taking part."

It said "Iraq will remain strong, steadfast and balanced in its political and military positions alike."

The radio warned the United States that its status as a superpower "will be reduced to ashes when the soldiers of the leader Saddam Husayn achieve further decisive victories over these criminal rascals up to the clear victory that god has promised them in the decisive mother of battles."

Iraq defied an American ultimatum on Saturday by keeping its army entrenched in conquered Kuwait. It insisted that the milder, Soviet-sponsored terms were the only way to end the war.

About two hours after the U.S.-set deadline, 'Izzat Ibrahim, vice-chairman of Iraq's ruling Revolutionary Command Council, told the IRAQI NEWS AGENCY: "The American ultimatums are aggressive and we don't heed them."

"We are at war and the air and land aggression continues. There is no way for whoever wants to stop the war except to support the Soviet initiative."

Bush demanded that Iraq announce by mid-day Washington time on Saturday that its troops would leave Kuwait within a week. The Soviet terms offered 21 days and would have lifted a U.N. Security Council blockade when Baghdad complied.

In Paris, French President Mitterrand today issued [words indistinct] commit French troops to "liberate" Kuwait.

Meanwhile, British Prime Minister John Major said that British forces will play a full part in the ground war after the U.S.-led forces launched land attacks to drive the Iraqis out of Kuwait.

In Tokyo, Japanese Prime Minister Toshiki Kaifu said the start of allied land campaign against the Iraqis was "a matter of regret."

"I hope it (the ground war) will end as soon as possible," Kaifu told reporters.

World Reacts to Ground Battle

OW2402101991 Beijing XINHUA in English
0931 GMT 24 Feb 91

[XINHUA Gulf-Roundup at 0920 GMT: Iraq Vows To Destroy Multinational Forces in Ground Battle (Zhang Yan)—XINHUA headline]

[Text] Beijing, February 24 (XINHUA)—Several hours after the massive ground battle broke out in the Gulf, Iraqi President Saddam Husayn Sunday urged his countrymen to continue the "holy war" against the allied forces.

In a broadcast speech, Saddam called on his troops to withstand the ground offensive and "fight them" in defense of all things that are free and honorable.

Earlier, Baghdad Radio said it welcomed the start of the "mother of battle," and vowed it would never surrender.

The ground war began hours after Baghdad fully endorsed Moscow's six-point peace proposal which calls for an unconditional and complete withdrawal of Iraqi troops from Kuwait, and came several hours after the U.S.-set deadline for Iraqi withdrawal from Kuwait expired at noon Saturday.

After the ground war started, Iraq fired a Scud missile at Saudi Arabia and launched a fresh missile attack on Israel on Saturday evening. Iraq said its frontline troops were ready to "strike where it hurts" and send their enemy tumbling "into the great crater of death."

In a broadcast prior to the start of the allied ground offensive, the official Iraqi radio denounced Bush as "the Hitler of the 20th century" and said Iraq was fully aware of the consequences of what it called his "miserable ultimatum."

The broke-out of the land offensive has aroused mixed worldwide reaction while allies expressed their determination of expelling Iraq from Kuwait.

Kuwait's U.N. Ambassador Muhammad Abu al-Hasan said "I have a feeling of relief that we will finish this episode (so) the people of Kuwait at least will feel the taste of freedom once again." The U.N. Security Council consultations which began at 10:30 P.M. Saturday adjourned after only half an hour of debate without any result because of the ground war.

The United States and Britain defended for the launching of the ground war. British Prime Minister John Major said British forces "will play a full part in this operation."

Britain, France and Egypt announced separately that their forces involved in the ground battle.

British Ambassador David Hannay told reporters after the meeting that "I think President Saddam Husayn missed his last opportunity to avoid the land offensive by failure to take the offer made by the U.S. President yesterday to begin a massive withdrawal today."

Yemeni ambassador to U.N. told the council members that the ground war was "unjustifiable and unnecessary."

He said the Security Council met this morning in an expectation that there would be a possibility to merge the two peace proposals made by the Soviet Union and the United States respectively for Iraq to withdraw from Kuwait.

"Now since the ground war is underway, this meeting cannot produce anything," he said.

In Tokyo, Japanese Prime Minister Toshiki Kaifu said the start of allied land campaign against the Iraqis was "a matter of regret," adding "I hope it (the ground war) will end as soon as possible."

Finnish Foreign Ministry said in a statement the Finnish Government expressed regret over the extension of the Gulf war, but it still believed that peaceful chances should continue to be sought positively for the future and balance of power in the whole Gulf region.

Allies Claim Battle 'Goes Well'

OW2502063891 Beijing XINHUA in English
0547 GMT 25 Feb 91

["XINHUA Gulf roundup at 0535 GMT: Allies Claim Ground Battle Goes Well, Peace Groups Appeal for Halting Gulf War (by Zhang Yan)"—XINHUA headline]

[Text] Beijing, February 29 (XINHUA)—The United States and France have claimed that the ground war which started early Sunday morning went well, while the international community continued calling for a halt to the war.

White House Spokesman Marlin Fitzwater told reporters on Sunday that President George Bush was very pleased with developments in the coalition-launched ground assault in the Gulf.

Bush gathered Sunday evening with his top national security advisers and heard a report which described the overall ground operations "very successful."

U.S. commander of the Central Command, Norman Schwarzkopf, said in Riyadh that the allied troops were "moving north with great speed," and that U.S. forces met with light resistance from the Iraqi side so far and U.S. casualties were remarkably light. A total of 5,500 Iraqi soldiers were captured up to now, he added.

On the same day, French President Francois Mitterrand said in an interview with French television that the ground war in the Gulf was going better than expected, but he acknowledged it would be dangerous to conclude that the war was as good as finished.

French chief of the Daguet Division announced in Riyadh that French troops penetrated 50 kilometers inside Iraq and seized 1,000 Iraqi prisoners.

British Prime Minister John Major said the ground battle in the Gulf might not be a long conflict but a fierce one.

Meanwhile, Iraq launched two SCUD missiles at Israel in less than two hours Monday morning with the first one landing harmlessly and no report about the second one. Up to now there is no report on the use of chemical weapons in the war.

Iraqi parliamentary speaker Mehdi Karrubi, who is leading a high-level delegation on a four-day visit to Pakistan, warned the United States and its allies not to send troops into Iraq, and said that any attempt to send ground forces into the country would cause an upsurge of Islamic anger in the Gulf region.

He said that Iran was determined to remain neutral in the war as long as Israel was not involved but it had given Jordan a pledge to come to its assistance if attacked.

Iraqi Ambassador to France 'Abd al-Razzaq al-Hashimi told Britain's INDEPENDENT TELEVISION NEWS

(ITN) that Iraq has the right to use whatever weapons it possesses to defend itself. "Whatever weapons, Iraq has the right to use to defend itself," he said.

Meanwhile, the ground war continues drawing condemnation from various countries.

British parliament member, Tam Dalywell, of the opposition Labour Party said the land war in the Gulf would turn out to be an "historic mistake with ramifications for our lifetime."

Chairwoman of the Campaign for Nuclear Disarmament, Marjorie Thompson, condemned the land war as a "one-way ticket to the slaughter house" which would revolt all right-thinking people.

The Committee To Stop War in the Gulf, formed by a number of British peace organizations, said: "This is a totally unnecessary and horrific war which history will judge a crime against humanity and a disastrous political error."

Swedish Prime Minister Ingvar Carlsson expressed regret over the fact that the United States and Iraq had failed to reach a peaceful solution. He hoped the Gulf war could be ended as soon as possible.

'Mixed' Reactions to Ground Battle

OW2402134191 Beijing XINHUA in English
1214 GMT 23 Feb 91

[XINHUA Gulf-Roundup at 01200 GMT: Mixed Worldwide Reactions to Ground Battle in Gulf (by Zhang Yan)—XINHUA headline]

[Text] Beijing, February 24 (XINHUA)—The massive ground battle in the Gulf has aroused mixed worldwide reactions shortly after it broke out early Sunday morning.

The Soviet Union expressed regret, saying that "a real chance to solve the conflict peacefully has been missed... The instinct for a military solution took over."

Kuwait's U.N. Ambassador Muhammad Abu al-Hasan said "I have a feeling of relief that we will finish this episode (so) the people of Kuwait at least will feel the taste of freedom once again."

The U.N. Security Council abandoned an attempt to forge a compromise Gulf peace plan only 17 minutes into a meeting that began after allied forces had launched a massive offensive against Iraqi troops.

Yemeni ambassador to U.N. told the council members that the ground war was "unjustifiable and unnecessary." He said the Security Council met this morning in an expectation that there would be a possibility to merge the two peace proposals made by the Soviet Union and the United States respectively for Iraq to withdraw from Kuwait.

"Now since the ground war is underway, this meeting cannot produce anything," he said.

The United States and Britain defended the launching of the ground war. British Prime Minister John Major said British forces "will play a full part in this operation," adding it was needed to "drive Iraqi forces out of Kuwait and secure the full implementation of the Security Council resolutions."

Meanwhile, Britain's queen sent a message to British forces in the Gulf expressing her admiration for their efforts.

The French Government announced in a communique that President Francois Mitterrand had also "given the order to engage ground troops in the liberation of Kuwait."

Iraqi President Saddam Husayn Sunday urged his countrymen to continue the "holy war" against the allied forces. In a broadcast speech, Saddam called on his troops to withstand the ground offensive and "fight them" in defense of all things that are free and honorable.

The ground war began hours after Baghdad fully endorsed Moscow's six-point peace proposal which calls for an unconditional and complete withdrawal of Iraqi troops from Kuwait, and came several hours after the U.S.-set deadline for Iraqi withdrawal from Kuwait expired at noon Saturday.

Japanese Prime Minister Toshiki Kaifu told reporters that he was "extremely disappointed" by Iraq's refusal to leave Kuwait. "I am hoping that the war will end as soon as possible," he said.

German Government spokesman Dietrich Vogel declared his nation's "solidarity with its allies and partners fighting to free Kuwait on the United Nations' behalf."

Canadian Prime Minister Brian Mulroney said in a written statement, "At any stage of this crisis, the choice between war and peace has rested with Saddam Husayn," but "at every stage, he has chosen war over peace. Tragically, he has done so one last time."

Saudi Arabian Ambassador Samir al-Shihabi said the assault was inevitable "because Iraq has rejected all attempts for peace."

Syrian President Hafiz al-Asad brought his country into the U.S.-led alliance as his enmity for Baghdad overcame his suspicions of the West.

Israel voiced support and satisfaction Sunday over the allied ground offensive against Iraqi forces, and hoped it would quickly remove Saddam Husayn's military threat.

South Korea regrets that a ground war is needed to force Iraq to withdraw from Kuwait but supports the decision to attack.

Finnish Foreign Ministry said in a statement the Finnish Government expressed regret over the extension of the Gulf war, but it still believed that peaceful chances should continue to be sought positively for the future and balance of power in the whole Gulf region.

'Talk' Analyzes Outbreak of Ground War

HK2502024891 Hong Kong TA KUNG PAO in Chinese
25 Feb 91 p 2

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Peace Vanishes With Escalation of War"]

[Text] A devastating ground war in the desert, which could almost have been avoided, eventually broke out. The changes in the situation over the past more than 10 days gradually increased people's hope for peace in the Gulf. Just when people had gladly seen a substantial change appear in the stubborn position of the Iraqi Government, the full-scale war that they were most unwilling to see unfolded. Many countries could not but express deep regret at this.

The United States Decides To Give Up Diplomatic Means and Adopt Military Means

The Gulf crisis was caused by Iraq's abrupt armed aggression against Kuwait. The fundamental demand of the international community regarding the settlement of the crisis was that Iraq must unconditionally withdraw its forces from Kuwait. Iraq yielded to the whole world's political, economic, and military pressure and explicitly agreed to do this. However, Bush still decided to fight a ground war on the largest scale since the end of World War II. This could be attributed to several reasons:

First, he could not allow the Soviet Union to gain benefit in the Middle East through diplomatic mediation without being involved on the battleground. The United States had no room for maneuver in the diplomatic field, and the crisis must be settled by military means in order that the initiative could be seized back from the Soviet Union, which held the initiative in the past 10 days.

Second, Iraq's military force was tougher than expected. The United States was afraid that the action of destroying Saddam Husayn's war machine might be set back halfway.

Third, the United States wanted to bring the greatest humiliation to Saddam Husayn. The best thing is to force him to surrender. If he refuses to surrender, then he must be defeated. Even if his regime cannot be destroyed, his arrogance must be thoroughly knocked down in the Arab world.

Setting a Precedent for the "New World Order"

Fourth, the United States needs to establish a new security system in keeping with its interest in the Gulf through winning a full-scale victory. In particular, it is necessary to make the countries in the "Gulf Security

Council" have confidence in relying on the United States for ensuring their security, thus setting a precedent for the "new world order."

Fifth, the United States had no mercy on the enemy as it had gotten the upper hand in the war. Bush was determined to exploit the victory in order to ensure his successful reelection as U.S. president next year.

It was obvious that the primary aim of the U.S. military action was not to liberate Kuwait. On the other hand, although Iraq had the intention of suing for peace, due to the dignity of Arab people, it will never be willing to yield to the United States, which is regarded as its implacable foe. So Baghdad would rather seek peace from the Soviet Union. As the United States and the Soviet Union had different intentions in the Middle East, Iraq tried to cash in on the U.S.-Soviet contradictions. However, this just prompted the United States to quicken the pace of the war. Iraq just outsmarted itself.

Bush said that the ground actions would be "swift and decisive." The commanders of the allied forces are all aware that the month of fasting for Muslims will begin in mid-March. That is to say, the war must be concluded in three weeks. This may be taken as a footnote for the word "swift."

After the Allied Forces Enter Iraq

By "being decisive," Bush meant that the battle will not only determine the victory but also substantially destroy Iraq's war machine. So the ground war will not be merely fought in Kuwait, but will also be fought in Iraq. Iraq's main force, the Republican Guards, is deployed mainly inside Iraq. If the U.S. forces try to fight a decisive battle against the Republican Guards, they must penetrate deep into Iraq's territory. This will draw the supply line too long, and will be unfavorable to the operation. If they try to advance to Baghdad, the battle front will become even longer. In previous desert battles, logistics supply was always a decisive factor.

If the war is merely limited to the territory of Kuwait, the allied forces can achieve the aim of liberating Kuwait. If the war extends to Iraq's territory, the limits of the war will not be determined by the allied forces alone. If the morale of the Iraqi troops is not so low that they collapse at the first encounter, then the war is likely to be prolonged as the nationalist emotion of the Iraqi people may be aroused by the invasion of the foreign forces.

Paper Predicts 'Fierce Slaughter' in Gulf

HK2402043491 Hong Kong TA KUNG PAO in Chinese
24 Feb 91 p 2

["Weekly roundup" by Kung Yao-wen (7895 5069 2429): "Draw a Lesson From the Gulf War"]

[Text] Ground War Is To Be Started at Once

The seven-point "ultimatum" that U.S. President Bush sent on behalf of the allied forces to Iraq will expire early

in the morning today (24 February, Hong Kong time). So far it is not known whether Baghdad will accept it or not. So the outbreak of a ground war in the Gulf region can hardly be avoided now. The allied forces have completed preparations for a general ground, sea, and air offensive, and a fierce slaughter is going to unfold very soon.

Just one hour before the expiration of the "ultimatum," the UN Security Council called a closed-door meeting at the Soviet Union's request, to discuss the extremely urgent situation in the Gulf. Last night Soviet President Gorbachev once again urged the member states of the allied forces to seriously consider the USSR-Iraqi eight-point peace initiative at the last moment. Upon Iraqi Foreign Minister Aziz's departure home, Gorbachev warned that the Gulf war is now at a very critical moment, and the consequences would be dreadful if Iraq refused to make a response and announce a withdrawal at the last short spell. The successive statements issued by Gorbachev and the Soviet Government meant to highlight the Soviet Union's mediation efforts during the current Gulf war: a successful mediation is of course desirable; but if the efforts unfortunately failed, no complaint should be lodged against the Soviet Union, which had done its best. Such a gesture is to remind the world of the Soviet Union's influential role in the Middle East, which should not be ignored.

Baghdad Is Ready To Engage the Enemy

In Iraq, the Baghdad radio service said the ruling Arab Socialist Ba'th Party yesterday called a meeting presided over by Saddam Husayn to discuss the current situation. The development in Baghdad shows that Iraq has no intention to accept Bush's ultimatum demanding an unconditional surrender before the final outcome of the ground war emerges.

The Iraqi press has not reported Aziz's acceptance of the Soviet peace initiative in Moscow, while the Iraqi authorities are still widely propagating Saddam Husayn's speech emphasizing his will to fight. Thus it can be seen that Aziz's Moscow talks on the peace initiative are merely an accompaniment to Saddam Husayn's militant call as the key note.

Who will win the ground war has been quite obvious, and Saddam Husayn's 500,000-strong army will pay a huge price. More than 180 oil fields in Kuwait were on fire last night. Meanwhile, the allied forces have bombed defensive positions in southern Iraq with napalm bombs which the U.S. Army dared not use massively during the Vietnam war. It is said that the reason for the use of napalm bombs is to prevent the Iraqi troops from using chemical weapons. As everybody knows, napalm's destructive and antipersonnel power is dreadful. Now that the U.S. troops have used a massively lethal weapon before the Iraqis have used any chemical weapon, it is obvious that the allied forces' ultimate goal is to wipe out the 500,000-strong Iraqi forces through massive air raids

and ground battles, whether the Iraqis pull out or not, so that Iraq will not be able to rebuild its armed forces in the near future.

If the Iraqi troops wage a tenacious resistance, the allied forces are bound to pay a high price. If the allied forces cut off the Iraqi troops' retreat and try to wipe out the tottering foe, the Iraqi troops will strike back desperately. And, if the allied forces underestimate the Iraqi troops' morale and fighting capacity, the war may drag on and the allied forces will possibly suffer heavy casualties.

The United States Has Sown Seeds of Hatred

The Gulf War is an unprecedented national catastrophe for the 17 million Iraqis. Some 80,000 allied sorties were flown to bombard military and oil refinery installations, public utilities, bridges, civil factories, schools, and hospitals in Baghdad, Basra, and other cities, with almost all such targets destroyed. Iraq's gross loss is between \$200 and \$300 billion, and it will take scores of years for Iraq to recover. The United States and Israel harbor bitter hatred for Saddam Husayn personally and the small handful of persons controlling the Arab Socialist Ba'th Party regime, and this will cost the Iraqi industry nationwide and the lives of thousands of ordinary Iraqi people. Even if the allied forces win victory, the seeds of great and deep hatred sown will sprout and grow for years, thus adding more complicated factors to peace in the Middle East.

The United States has rejected the USSR-Iraq eight-point peace plan for an unconditional withdrawal from Kuwait, which many countries believe to be feasible, and put forth its own seven-point ultimatum while looming before Iraq like a conqueror. This does not conform with the image of a superpower and guard of the new world order. On the contrary, pro-Iraq Arabs and radical bodies and organizations against the United States and Israeli Zionism worldwide will conduct terrorist activities of every description. Reconciliation is the best in whatever conflict, while seeking vengeance means no end to disasters. In the 40-odd postwar years, Israel has been the troublemaker from the very start in jeopardizing Middle East peace, with the United States being the chief string-puller behind the scenes, supporting Israel in occupying territories of the Arabs and resulting in the long-term instability in the Middle East and the fourth war in the region as of now. The United States and Israel are duty-bound to conduct self-examination on that; they must see that the Middle East will always remain a powderkeg without a thorough solution to the Palestinian issue.

Any regional issue is closely related to world peace. Even if a solution is found to the Gulf issue, the question of how to maintain peace in the Middle East brooks no delay. There is no way to resolve the Middle East issue with the Allies playing the role of international policemen. We should guard against the United States and the USSR repeating their hegemonic role in the

Middle East and setting up their own spheres of influence. In the final analysis, Israel must pull out from the occupied territories, and the mutual recognition of Palestine and Israel and the peaceful coexistence between the Arab and Jewish nationalities must be realized. This precisely calls for the convocation of a Middle East international peace conference.

The planning for a concrete peace in the Middle East will take a very long time. Even if Saddam Husayn is driven out of Kuwait, the prospects will remain grim without summarizing the lessons of the last 40-odd postwar years.

Article Views Danger of Escalating War

HK2502114391 Beijing SHIJIE ZHISHI in Chinese
No 3, 1 Feb 91 pp 6-7

[Article by Guang Jie (1639 2638): "The Great Hidden Danger in Escalating Gulf War"]

[Text] Iraq upsets and disintegrates the anti-Iraq coalition by hoisting the banner of opposing Israel and liberating Palestine; however, Israel wants to use the Gulf war to completely remove the serious hidden danger to it. The danger of Israel's involvement in the war should be guarded against.

On the second and third days after the Gulf war broke out, Iraq launched two successive missile attacks against Israel; it fired 11 Scud missiles, some of which hit the Israeli coastal cities of Tel Aviv and Haifa. Iraqi radio immediately announced that "the battlefield has now extended from Washington all the way to Tel Aviv," and that "Iraq will liberate Palestine and its people." There were mass demonstrations in some Arab countries in support of the attacks on Israel. However, the government reactions of most Arab countries were guarded. They did not want the flames of the Gulf war, which were already quite serious, to spread further. Being more worried that its territory would be turned into a battlefield, Jordan, situated between Iraq and Israel, made a strong appeal to all parties to cease hostilities and make peace. U.S. President Bush denounced the attack as a terrorist act against a neighboring state. He talked with the Israeli prime minister by telephone three times in one day, calling for Israel's restraint and pledging that the United States would "amply react" to Iraq. The Soviet Union also made an urgent call to Arab countries not to turn the Gulf war into an Arab-Israeli one. As people previously expected, with the war's outbreak, Israel, a "third party" in the Gulf war, has appeared on the big Middle East stage and become a new focal point drawing attention from all sides.

Since the start of the Gulf crisis, Israel, as part of the knotty Middle East problem, has become an important factor affecting the crisis' direction. Iraq said that its troop withdrawal should be linked with the Palestinian issue's solution. Later, numerous efforts by all parties concerned for a peaceful solution to the Gulf crisis failed because they could not agree on the question of "linkage." In fact, Iraq uses the banner of opposing Israel and

liberating Palestine and takes advantage of the Arab nations' hatred for Israel to upset and even disintegrate the anti-Iraq coalition, which includes some Arab countries. On the strength of its military power, Israel has repeatedly threatened to retaliate against Iraqi attacks. Under such circumstances, the United States has been so worried that it has repeatedly called on Israel to take a low profile. To avoid ruffling Arab sentiments, during their numerous trips to the Middle East, Bush and Baker did not visit Israel even though they passed through it several times. After the U.S.-Iraqi foreign ministerial talks' failure, Bush immediately telephoned Israeli Prime Minister Yitzhaq Shamir, urging him to calm down and take the overall situation of the anti-Iraq coalition into account; immediately after this, he dispatched Lawrence Eagleburger, deputy secretary of state in charge of Middle East affairs, to Tel Aviv, pledging that the United States would assume its responsibility to protect Israel. After the war broke out on 17 January, U.S. Armed Forces made Iraqi missile bases against Israel, which are deployed in the western part of Iraq, as one of the priority targets to be struck, but he could not completely stop Iraq from attacking Israel. To prevent numerous Iraqi attacks from enraging Israel, Bush again sent Eagleburger to Israel to try to hold Israel back in order to ensure that the U.S. strategic deployment can be completed as scheduled.

The complex and delicate situation in the Middle East today is actually an outcome of the long-term U.S. policy of siding with Israel, which has thus stalled the Middle East peace process. After the Gulf war broke out, actuated by its global strategic needs and its oil interests in the Middle East, the United States entered the same trench with some Arab countries under the banner of opposing the Iraqi annexation of Kuwait. On the question of dealing with Israel, however, it is difficult to reach coordination among them. On many occasions Egypt and Syria warned Israel that, if it is involved in the Gulf crisis, the situation will change. For this reason, the United States has always carefully maintained the coalition situation with Arab allied forces for fear that some carelessness on its part or Israeli rash involvement will disgust some Arab countries within the coalition, resulting in a loss of control over the situation, bringing a major war in the Middle East, and upsetting U.S. plans. To placate Israel, in addition to writing off Israel's arms debt amounting to \$4.5 billion, the United States has also supplied it with new weapons, including "Patriot" antimissile missiles. More importantly, Israel and the United States have coordinated their stand on the Middle East peace talks issue and smoothed out the disagreement that came to a head some time ago. When Shamir visited the United States last December, he elicited a pledge that the United States would not sacrifice Israel's interest to the Gulf crisis. Moreover, Egypt indicated that it would not attack Israel, and Syria is also opposed to Iraqi attacks on Israel lest the war would escalate.

Regarding the Gulf crisis, Israel also has its own joys and worries. Iraq upholds a tough policy on the Middle East

issue and has become a major military power in the Middle East since the Iran-Iraq war. It calls for the liberation of Palestine by force and threatens to use binary chemical weapons to "destroy half of Israel." Under such circumstances, Israel holds, the military confrontation caused by the Gulf crisis has provided it with a historic opportunity to remove Iraq, a serious hidden danger to Israel. It hopes that the U.S. and multinational forces will be able to destroy the Iraqi military machine at one go and thus remove the root of the trouble. Since the crisis' start, Israel has vigorously called for the use of force against Iraq. It has also put all its work on a war footing and has fully prepared for war. The Israeli authorities not only distributed gas masks and uniforms to the citizens and beefed up civilian-defense measures long ago, but also called up a large number of reserve military personnel. When the deadline set by the UN Security Council resolution for Iraqi troop withdrawal drew near, Israeli troops were placed on a high state of alert, and its fighter aircraft were ready to take off at any time. Observers hold that, in its heart of hearts, Israel does not want to see a peaceful solution to the Gulf crisis. When the war broke out on 17 January, the Israeli foreign minister said that it was "a most delightful morning." Such a mentality on Israel's part has complicated the Gulf situation.

Placated by the United States, Israel has decided against launching a counterattack against Iraq for the time being, even after being subjected to two Iraqi missile attacks. It also announced that it "reserves the right to retaliate" and that the Israeli Government will decide when and how to retaliate.

People are still worried how long Israel will be able to "restrain" itself. When will the "right to retaliate," as is claimed by Israel, be put into effect? According to general analyses, if Iraq does not or cannot strike against Israel again, the latter will go on keeping silent and readily use other people's hands to pull its chestnut out of the fire. It can thus win the allies' favor politically, gain international sympathy with an "army burning with righteous indignation," and improve its image. If Iraq attacks Israel again on a larger scale, especially if it uses chemical weapons, Israel will probably counterattack with a vengeance. Moreover, if the multinational forces headed by the United States are faced with considerable difficulties in fighting against Iraq, the possibility of Israeli support through coordinated action or a powerful attack cannot be ruled out and Israel would give play to its role as an "aircraft carrier that will never sink." Once Israel is involved, it will surely spread and expand the war, bringing more disaster to the people of Middle East countries. The international community should always keep vigilance against this danger. While closely following how Israel will act, people generally hope that all parties concerned in the Gulf war will adopt a maximum restraint attitude, prevent Israeli involvement and war escalation, and create favorable conditions or provide an opportunity for the international community to seek a peaceful solution to the conflict.

Editorial Says Hegemonism Reigns as War Escalates

HK2502030891 Hong Kong WEN WEI PO in Chinese
25 Feb 91 p 2

[Editorial: "War Escalates Even Though Peace Was in Sight"]

[Text] U.S. President Bush announced at 1100 Hong Kong time yesterday morning that the allied forces have launched a ground offensive. The various efforts of the Security Council in pursuit of peace were thus rendered academic.

While victory is assured in this large-scale war launched by the allied forces, heavy casualties are also expected. At the same time, the war will intensify the serious destruction of petroleum resources and lead to even more complicated and intractable political issues and environmental pollution in the Gulf. The escalation of the war could have been avoided because Iraq had already accepted the peace proposals of the Soviet Union and had agreed to an unconditional withdrawal. It had concluded a six-point withdrawal plan with the Soviet Union: (1) Iraq agrees to abide by UN Resolution Number 660 and withdraw immediately and unconditionally from Kuwait. (2) Withdrawal will begin one day after a cease-fire is announced. (3) Withdrawal will be carried out in 21 days, with the pull-out of Iraqi troops from Kuwait City in the first four days. (5) All prisoners of war will be released three days after a cease-fire is announced. (6) The withdrawal and cease-fire will be carried out under UN supervision.

This plan could have provided for a cease-fire and troop withdrawal from the Persian Gulf. Gorbachev himself had asked Bush to delay the attack by one or two days. The plan had been reported by the Soviet Union to the Security Council, which had an exchange of views on it. The reactions from countries in Europe, Asia, and the Third World were good. A decision to promote a peaceful development of the situation in the Persian Gulf could have been made through deliberations at the Security Council. But the United States reacted differently and immediately issued an 11-point plan as an ultimatum. The differences between the Soviet Union's six-point plan and the U.S. plan are the following: (1) The Soviet-Iraqi plan called for troop withdrawal after a cease-fire is announced in order to prevent an escalation of the situation, while the U.S. avoided mention of a cease-fire. (2) The Soviet-Iraqi plan hoped to have the United Nations discuss and arrange a cease-fire as well as supervise the troop withdrawal. But the United States issued a 24-hour troop withdrawal deadline, and also intensified its air and sea bombardments, denying the Security Council any room to discuss the situation. (3) The Soviet-Iraqi plan allowed three weeks for the withdrawal of troops while the U.S. plan called for one week.

If there had been any intention to de-escalate the situation, political consultation could have been carried out at the Security Council and a more rational peace proposal drawn up, including Iraq's payment of war

reparations to Kuwait following withdrawal of its troops. Supervision of the troop withdrawal by a special body from the United Nations could reduce the possibility of complications and prevent Iraq from coming up with new tricks.

What is perplexing is that an escalation of the war should occur at a time when Iraq had almost admitted defeat and had announced plans to pull out its troops. What is the reason for this? It appears that forcing Iraq out of Kuwait is just the first level, and that a more important and deeper level for the United States is its future strategic interests in the Middle East. Denying Iraq an honorable retreat, demanding its unconditional surrender, maximum destruction of the main forces of the Iraqi military, seizure of its heavy weaponry, and seeking to destroy the Saddam regime—these are what the United States maintains as conforming with U.S. strategic interests. Speaking at a news briefing, U.S. Defense Secretary Cheney said that the war will end with the Iraqi troops marching out of Kuwait. Meanwhile, President Bush again called for the overthrow of the Saddam regime.

As the war develops to this stage, it is becoming clearer whether it is intended to liberate Kuwait or to destroy Iraq. The Security Council can no longer rein in the U.S. troops which are fighting under the United Nations banner. The spirit of the Security Council resolution called for Iraq's unconditional surrender and restoration of Kuwait's sovereign rights. As long as Iraq withdraws its troops, this objective may be attained. However, U.S. action seems not to be limited to this.

The escalation of the Gulf war again showed that while the Cold War era may have ended, the danger of a hot war continues to exist and that world peace remains elusive given the intervention by big and small hegemonism. So far, the hegemonists still cannot calmly discuss international issues and resolve conflicts and disputes through peaceful means. Quite to the contrary, the world remains a place where the right to speak is determined by military might and where the strongest military power marches to its own tune. When some big powers want to achieve certain strategic interests, they would think of using the Security Council, but when they find the Security Council obstructing their selfish interests, they will cast the Security Council aside. Thus, the big powers continue to toy with world peace and justice.

Gulf Crisis Affects World Order, Economy

Part One

HK2402065891 Beijing ZHONGGUO QINGNIAN BAO
in Chinese 29 Dec 90 p 2

[Article by special contributor Ni Tongjun (0242 4547 6511): "The Gulf Crisis as I See It: The World Pattern Is Heading for Multipolarization (first part)"]

[Text] The Gulf crisis broke out just as the world has entered the 1990's. It has rather sharply reflected the

breakup of the old world pattern, while The new world pattern has not yet taken shape with the relaxation of East-West relations. Although the cold war has ended, peace is not on the horizon. Various contradictions and relations are undergoing readjustment for new interests and balance, and the world is heading for an era of multipolarization.

On 2 August, Iraq dispatched 100,000 troops and invaded Kuwait in a single action, and soon annexed the latter. Headed by the United States, 20-some countries dispatched troops to the Gulf while international public opinion condemned Iraq. These countries exercised economic sanctions against Iraq and diplomatically isolated it; thus an earth-shaking Gulf crisis broke out.

The Cold War Ended With Relaxation in East-West Relations, While all Kinds of Contradictions Are Under Readjustment

The Iraqi occupation of Kuwait by force was originally a regional incident. The key to the question of why it has rapidly escalated to a global international crisis can be found in the international background that has led to the crisis.

Because of the drastic changes in the political situation in the USSR and Eastern Europe in the latter half of 1989, the confrontation between the Eastern and Western blocs, which had all along endangered world peace, rapidly dissolved. The USSR implemented strategic contraction, while the Warsaw Treaty Organization exists in name only. The United States promptly made corresponding strategic readjustment, and NATO no longer regarded the USSR and Eastern Europe as its actual opponents. The cold war era that lasted 40-some years since the end of World War II ended with the United States and the USSR shaking hands in peace. The historical change in the world pattern has inevitably given rise to a chain reaction.

First, with the easing of the East-West contradictions, the North-South and South-South contradictions have become increasingly prominent with each passing day. Regarding the North-South contradiction, industrially developed countries of the North have stepped up their pursuit of economic hegemonism toward developing countries of the South, resulting in an ever-widening gap in the exchange between primary products and industrial products. This has aggravated North-South polarization. No progress has been made in North-South dialogues that began in 1977, while the number of the most undeveloped countries in the world rose from 25 in 1971 to 41 today.

The strained North-South relations have a direct bearing on the prospects of world peace. Regarding the South-South contradictions, the internal disputes and conflicts among Third World countries in territories, nationalities, religious beliefs, natural resources, and immigration have not phased out because of the relaxed U.S.-USSR

relations. Under the new situation, these disputes and conflicts are very likely to be utilized to distract people's attention.

Second, the global security situation took on the characteristics of general relaxation and partial tension. In recent years, the mutual political trust between the United States and USSR has somewhat deepened; consequently, a breakthrough has been made in talks between the two sides on military control, including intermediate-range guided missiles, chemical weapons, European conventional armaments, and strategic weapons. On the basis of cutting back 250,000 troops in 1989, the USSR cut back another 180,000 troops, while closing all naval bases overseas by the year 2000. Whereas the United States decided to reduce by 25 percent its 2.1 million active-duty troops in five years, and to close or reduce 69 of its military bases. It is precisely because of reduction and readjustment and the relative waning of U.S. and Soviet influences in world affairs that many loopholes have surfaced in the control mechanism over world crises. Facing this situation, a few regional powers are eager to try filling in the gaps of regional power left over from the cold war to seize by force the position of regional dominance.

This being the case, the Gulf crisis shows that the end of the East-West cold war does not mean the arrival of peace on earth. For a considerable length of time from now on, the world will be in a state of change and instability.

However, there are grounds to be optimistic about the world future. Since the shaping of the Gulf crisis, world public opinion has universally condemned Iraq's barbarous act, while calling for all relevant sides to exert efforts to find a peaceful solution to the conflict. The UN Security Council has successively adopted 12 official resolutions, with approximately 110 countries joining the efforts to exercise overall economic sanctions against Iraq. It is not difficult to see that the fight for lasting peace and opposition to aggressive war remains the mainstream in international relations.

The United States Has Many Points To Consider, Playing the Role of the Alliance's Leader, Dispatching Troops to the Gulf

The Bush administration reacted strongly to Iraq's annexation of Kuwait, and began to implement "Operation Desert Shield" on 7 August. By the end of October, the United States had mustered 230,000 troops in the Gulf. On 8 November, Bush decided to reinforce the troops in the Gulf. He planned to increase, within two months, U.S. Armed Forces in the region to 430,000 troops equipped with 2,200 tanks, six carrier fleets comprising some 150 warships, and 1,200 fighter planes. By then, the U.S. Armed Forces in the Gulf would move from defensive to offensive deployment, and the operational troops, weaponry, and equipment would account for some one-fourth of the nation's entire Armed Forces,

half of all U.S. Armed Forces stationed overseas, two-thirds of the Marines, one-third of the naval vessels, two-thirds of the land forces' heavy-duty tanks, and one-seventh of all U.S. war planes. Not since the Vietnam War in the 1960's has the United States mustered such military strength on such a wide scope.

The declared objectives of the U.S. authorities in handling the Gulf crisis are: Demanding that Iraq pull out from Kuwait unconditionally; restoring power of the legitimate Kuwaiti Government; maintaining stability in the Gulf area; and protecting the lives and security of Americans in Iraq and Kuwait. In actual fact, the United States has other strategic intentions at deeper layers for dispatching its troops: To establish the U.S. leading role in the new world order by taking advantage of the solution to the Gulf conflict. The intention is three-fold. First, to flex its muscles as a superpower through maintaining the Middle East strategic balance, which is favorable to the United States. The Bush administration believes that today's Iraq has become the foremost military power in the Middle East, through its experience of the eight-year Iraq-Iran war. It now boasts an army of 1 million troops, a considerable number of intermediate-range guided missiles, and a number of biological and chemical weapons that can be put into actual battles. The United States believed that as soon as Iraq seized Kuwait, it would certainly reach out for a yard after taking an inch, and pose a serious threat to U.S. security and interests in the Middle East and the survival of its agent, Israel. It follows that the United States must bring down the establishment in Iraq in one action, to set an example to military powers in other regions who might dare interfere with the U.S. leading role in the Middle East. Second, to control the lifeblood of the world economy in the 1990's by keeping oil prices stable and the distribution channels free. The Gulf has abundant oil resources, accounting for 65.4 percent of the verified world oil deposits and 26.1 percent of the daily world oil output. Presently, 27 percent of U.S. oil consumption is imported from the Gulf; it is 65 percent regarding Japan, and 45 percent regarding Western Europe. Should Iraq monopolize the Gulf oil fields, it would be within its power to determine the fate of the Western economy. Should the United States be able to gain control of the Gulf, it would manipulate the Western economy with oil as the means and keep Europe and Japan under its thumb. And third, to make U.S. military presence in the Middle East legitimate and permanent by taking advantage of the Gulf crisis. The Middle East is a junction that links Europe, Asia, and Africa. It is an extremely important strategic position, which the world powers have always contended for. Despite the United States having made many efforts since World War II to set up solid military bases in the Middle East, such efforts has never been fruitful. If the United States succeeds in its interference in the Gulf, it will certainly work out a Middle East regional security system with U.S. participation.

The Bush Administration's actions in the Gulf crisis have sent people an unmistakable message: The United

States is determined to play a leading role in the multipolar world with greater competition and risks than ever. In actual fact, although the U.S. position in the world may be relatively weakened in the future, for a long time to come the United States will continue to possess better comprehensive national strength than other countries, and will strive to maintain its throne of a global hegemony [quan qiu ba zhu 0356 3808 7218 0031].

The Great Powers Are Contending for Supremacy, With Many Rivals Rising, and Multipolarization Is the Trend of the Times

The pressing matter of the moment in Soviet diplomacy is to promote the rapid development of U.S.-USSR relations to a phase of harmonious partnership so that it may absorb more Western funds and technologies to reinvigorate its not so bright domestic economy and lay down a solid foundation for its participation in international affairs. At the very start of the Gulf crisis, Moscow decided to attach itself to the international united front against Iraq, under the prerequisite of pushing forward improvement of USSR-U.S. bilateral relations. Not only did it try to influence Middle East politics in a way reflecting U.S.-USSR cooperation, but also hoped for huge financial aid from the United States.

However, the USSR, as a superpower, had for many years painstakingly built up its influences in the Middle East. It would not easily give up its strategic alliances in the Middle East, including Iraq, while allowing the United States to rule the roost alone and pose a potential threat to Soviet security along its southwestern borders. An important Soviet military personage has repeatedly admonished the United States: "U.S. Armed Forces being stationed in the Gulf will basically change the strategic balance in the region," "the USSR is far from being indifferent about it." This being the case, the USSR has, on the one hand, worked in cooperation with the United States in exercising economic sanctions against Iraq, with a focus on advising the Iraqi leader to change his course. On the other hand, it stressed the necessity of political settlement of the issue, while opposing U.S. arbitrary decisions and peremptory actions. Soviet Foreign Minister Shevardnadze stated that UN Security Council Resolution No. 678 "is not an ultimatum," but seeks "to avoid resorting to war to settle the crisis."

France is a Western power, a U.S. ally in Europe who maintains traditional ties with Middle East countries. This two-fold status requires France to be meticulous on the Gulf issue; on the one hand, it supports the U.S. principle of exerting pressure to urge changes; on the other hand, it keeps a distance from the U.S. plan for a solution by military means. President Mitterand has proposed a four-point plan for resolving the crisis, which Iraq considered as "being free of aggressive tone." The plan agreed on holding free elections in Kuwait as well as the linkage of the Gulf issue and the Middle East issue, while hinting that so long as Iraq pulls out from Kuwait, all other issues can be negotiated.

The United Kingdom has followed in the U.S. footsteps in the crisis, and dispatched troops to the Middle East second only to the United States in number. Its chief purpose lies in further consolidating the peculiar British-U.S. relations that have come into shape in the years since World War II, and matching Germany, France, and the USSR in the course of building the new European order by relying on U.S. strength, while having greater say in international affairs.

In the near future, Germany will give priority to consideration of two bills: Domestically, it will find solutions to leftover problems from reunification and improve the East German economic level as quickly as possible; in foreign affairs, it will eliminate its neighbor's panic arising from German reunification as quickly as possible and increase investment in the USSR and Eastern Europe, thus paving a way for Germany to stand firm in Europe. The Kohl administration believes that once war breaks out in the Middle East, the interruption of oil supplies will jeopardize the German economy; moreover, under U.S. pressure Germany will have to donate more marks to pay for war expenditures. This being the case, Germany has taken a low profile in the crisis; on the one hand, Germany is not openly going to offend the United States, while providing the multinational troops with appropriate financial and material resources; on the other, it has taken the initiative to harmonize its position with the USSR and France, leaning toward a plan for political settlement. In the wake of the Paris summit on conventional force reductions in Europe, Kohl said, "No one here wants war."

Japan's administrative policy for the 1990's is to take an active part in participating in global affairs, and play the role of a political power in the international arena by grasping the opportunity of the collapse of the cold war structure and relying on its solid economic strength. In his 2 March administrative speech this year, Prime Minister Kaifu stated that "Japan must make contributions to initiating a new world order." This being the case, Japan has been extraordinarily active in the crisis. It took the lead in participating in exercising sanctions against Iraq and provided aid in the amount of \$4 billion to the multinational troops in the Gulf and countries on the Gulf front. The Japanese prime minister and foreign minister unfolded shuttle diplomacy in the Middle East; Japan officially proposed "the UN Peace Cooperation Act," and attempted to break through the forbidden area that Japan should never send its troops overseas and to nullify the peace constitution formulated after World War II by taking advantage of the Gulf war.

In a nutshell, all the world's major countries are mustering their strength to gain something by taking advantage of this international crisis, to make the situation develop in a direction favorable to themselves so that they may gain more important positions in the future new world order. From another angle, this has also demonstrated that in the transitional period with the new world pattern replacing the old, the multipolarization trend in international life will continue to develop,

with some new centers of forces gradually on the rise, and the possibility of "two superpowers contending for hegemony" evolving to "several powers contending for supremacy." Perhaps, on this point, the Gulf crisis today has already made some revelations to us.

Part Two

HK2502041691 Beijing ZHONGGUO QINGNIAN BAO
in Chinese 3 Jan 91 p 2

[Article by special contributor Cao Dahong (2580 1129 3163): "The Gulf Crisis as I See It—the World Economy Is Facing a Stern Challenge (Second and Last Part)"]

[Text] The world economic situation was malignant in the first year of the 1990's. Major Western countries were on the brink of a recession, while the economies of the USSR and Eastern Europe drastically worsened, and the majority of developing countries were beset with economic difficulties. The Gulf crisis has once again demonstrated that oil remains the world economy's nerve center. Should war break out in the Gulf, with oil prices continuing to soar, a global recession will be inevitable.

The Gulf region is the world's largest oil depot, and the Gulf crisis has affected the most sensitive and fragile nerve of the world economy. People will not forget that the two oil crises in the 1970's sparked off world economic crises. What are the effects of oil's impact resulting from the current Gulf crisis on the world economy? What revelations has it offered us?

The Gulf Crisis' Effects on the World Economy

The world economic growth rate had markedly slowed before the Gulf crisis. After the Gulf crisis broke out, the interruption of Iraqi and Kuwaiti oil supplies caused violent ups and downs on the world oil market, with oil prices soaring; at its highest, the price of oil was \$41.6 a barrel, exceeding the peak (at \$36 a barrel) of the two former oil crises. Later, oil prices dropped as a consequence of other oil-producing countries' output picking up, filling the gap resulting from the cut of Iraqi and Kuwaiti oil supplies; however, oil prices continue to fluctuate at a level around \$30 a barrel. High oil prices affect to various degrees the economies of all countries and regions worldwide, and the world economy is facing a stern challenge.

World oil price skyrocketing resulting from the Gulf crisis is likely to become a catalyst for a recession of the Western economy. Major Western developed countries have heavily relied on imports for their oil consumption, while the Gulf has been their major source of oil supply. Of the oil imports of the United States, Western Europe, and Japan, 25, 54, and 70 percent respectively are from the Gulf region. This being the case, the oil price skyrocketing will inevitably deal blows to these economies. Statistics show that oil priced at \$30 a barrel will cut back CMEA nations' GNP growth rate by at least half a percentage point; with oil prices going up by \$10 a

barrel, the U.S. growth rate will drop by between 1 and 1.5 percent in two years, while the growth rates of Japan and Western Europe will drop by 1.2 and 1.5 percent respectively. According to an IMF forecast, the actual GNP growth rate of Western industrialized countries in 1990 and 1991 will only be 2.5 percent, which is lower than the 4 percent annual average growth rate between 1988 and 1989. That is not all the problems. Because of the different degrees of oil price's fluctuating, differences are great inside the Western economy. The situation is relatively better in Germany, Japan, and France, but Canada has already announced a recession, while the United States and the United Kingdom are on the brink of, and will soon fall into, a recession.

The USSR and East European economies have drastically worsened. East European countries have suffered an economic recession over the past two years, and "misfortunes never come singly," with the outbreak of the Gulf crisis. All East European countries are short of oil. They had chiefly relied on the USSR for oil supplies at a low price (at \$7 a barrel) and imports from Iraq in the form of barter. Prior to the Gulf crisis, the USSR had already cut back its oil supply to Eastern Europe by 30 percent. In the wake of the Gulf crisis, various East European countries severed economic relations and trade with Iraq and stopped importing Iraqi oil in exercising the UN Security Council's relevant resolutions on sanctions against Iraq. Consequently, they have had to spend hard currency to purchase high-priced oil on the world market. That is quite beyond the burden of East European countries, which are already heavily in debt with scanty hard currencies. According to experts' calculations, such energy resources' price fluctuations will cost East European countries additional spending in terms of \$15 billion. Western commentators believe that the East European region is the "true sufferer" of the Gulf crisis. A wide-ranging drop in the East European economy will certainly surface in 1991 and 1992.

Regarding the USSR, the Gulf crisis will bring bright as well as grim prospects, but grimness possibly will gain the upper hand. True, world oil price skyrocketing will bring the USSR additional income in terms of \$20 billion. However, Iraq used to be the largest weapons-purchasing country and an important trade partner for the USSR, which has suffered great losses because of participation in sanctions against Iraq. Experts believe that the USSR's gains from oil price rises can hardly ease its economic problems on the home front; it is estimated that a negative growth, the first of its kind, will surface in the USSR economy this year.

Most developing countries are beset with economic difficulties. High oil prices are a "godsend" to the 20-some oil-producing countries such as Mexico, Venezuela, and Nigeria. However, the oil price climb has had direct and unfavorable effects on most developing countries, which are expressed in the following: First, drastic increases in oil imports. According to an Asian Development Bank [ADB] report, the additional loss to oil-importing developing countries resulting from the oil price climb due to

the Gulf crisis amounted to \$30 billion in 1990, and it will be \$4 billion in 1991. And second, revenues from labor services in the Gulf region cut back sharply and were interrupted; at the same time, the withdrawal of overseas workers from this region has led to a rise in the domestic unemployment rate of those countries concerned. There has been increasingly greater imbalance in the economic development of developing countries; even in the Asia-Pacific region, the economic growth rate will also slow. The actual growth rates of Latin America and Africa will continue to drop; many countries there will have a negative economic growth.

The Gulf crisis has led to a climb in oil prices, and will inevitably bring along a corresponding rise in the entire price level; the world trade growth rate will also drop with a shrinking demand; the effects on international monetary business should not be neglected. First, it has brought about a stock market dive, skyrocketing gold prices, and fluctuation in foreign exchange rates, resulting in still greater instability of the world stock market, gold market, and foreign exchange market from now on. Second, bad debts in terms of scores of billions of dollars resulting from the Gulf crisis have endangered major banks of the world monetary centers such as New York and London. Third, various countries will raise interest rates to ease inflation pressures, thus making it difficult for world interest rates to drop, and a global "interest rate war" seems to be imminent. And fourth, with voluminous funds put into the Gulf, the already tense world monetary market is in still greater short supply, and the existing world monetary supply-demand imbalance will be aggravated, resulting in fiercer contention.

Some of the aforesaid effects of the Gulf crisis on the world are realistic and direct, while others are potential and indirect. The Gulf crisis is still developing, and it is rather difficult to make an accurate judgment as to what its great effects on the world economy will be. We are certain that should war break out leading to an oil price climb, the effects on the world economy will by no means be limited to the aforesaid, but be still more serious. Lawrence R. Klein, the 1980 Nobel Prize winner for economics, believes that should a Gulf war break out, a grave world economic recession would last until 1992, while a complete global economic recovery would not be on the horizon until the year 2000.

The Revelation of the Gulf Crisis to the World Economy

The Gulf crisis that surfaced in the early 1990's is a regional incident, but it has violently pounded at the entire world economy. It has made the world economy "totter on the brink of a recession," and brought the eight-year prosperity to an end and uncertain prospects for the world economy. What does the Gulf crisis explain? If we ponder deeply over the matter, will it not offer us some revelations?

The Gulf crisis demonstrates that the world economy is very fragile, and can hardly bear the blow of an eventuality. In the 1980's, the world economy maintained its growth with the presence of many structural problems, for example, the great dislocation between the economic growth of various countries and world trade, the aggravation of North-South contradictions, the toughening of debts, and inflation. Those problems are still waiting for solutions, while developing into fatal weaknesses in the world economic development. We may say that having gone through slow growth in the 1980's, the world economy enters the 1990's tottering in exhaustion amid grave difficulties. The Gulf crisis is a catalyst revealing the weaknesses and aggravating the difficulties of the world economy. Viewing the blow of this eventuality at the world economy, we may expect that curing the world economy's "chronic disease," restoring its health in steady development involves long-term and arduous efforts, and by no means will it be accomplished overnight.

The Gulf crisis shows that peace is still a long way off, and promoting world economic growth with a "peace dividend" is just a "beautiful" dream. With the drastic changes in the USSR and East European situation and German reunification, people hailed the end of the cold war with optimistic estimations: Peace has arrived with the end of the East-West confrontation; all countries in the world will cut back and save on their military expenditures, while spending them as a "peace dividend" for economic purposes, which will promote a rapid development of the world economy, and an "unbelievable prosperity" will arrive in the 1990's and the early 21st century. The U.S. economist Davy Boschin [bo si qing 0590 2448 3830] stated that with the arrival of peace, the United States would eventually be able to cut back 50 percent of its military budget, saving between \$150 billion and \$200 billion at least, a sum equal to the federal budget deficit. Should this sum be put into economic activities, it would be a tremendous impetus to U.S. economic growth. Not only the United States, but other countries including the USSR might share the "peace dividend" resulting from the end of the cold war. However, the Gulf crisis has shattered people's "dream of peace" and made the hope for "peace dividend" unrealistic. The end of the cold war did not bring peace on earth, while regional conflicts, nationality contradictions, religious issues, territorial disputes, and South-South and North-North contradictions, which used to be covered by the bipolar structure, are gradually revealing themselves and continuously aggravating. The Gulf crisis is just the tip of an iceberg; for a considerable time to come, the world will take on a situation of turbulence and instability. Under such a major backdrop, the world economy is not likely to acquire the sound international climate necessary for its rapid development. The hurdles on the road to "prosperity" encountered by the world economy are far beyond people's expectations.

The Gulf crisis shows that the "oil era" of the world economy has not expired. Oil remains the world economy's nerve center. Having gone through the blows of two oil crises in the 1970's, all the world's nations came to see that energy resources are the economic lifeline, and unfolded a wide-scale energy-saving, oil-finding, oil reserve-increasing, and energy resource-exploiting and substituting movement. This movement has scored accomplishments, which found expression in a lowered consumption of per unit output value, and a lowered proportion of oil in the energy consumption structure. At the same time, with the increased production of non-OPEC countries, the world's reliance on OPEC has eased. In addition, disputes over policies surfaced along with "disunity" inside OPEC, resulting in relative over-supply of oil on the world market and a drop in oil prices. Consequently, it was believed that OPEC was in decline, and that the "oil era" had become history. Then the current Gulf crisis proved that such a belief has been too optimistic. What accounts for the fact that the Gulf crisis has shocked the whole world and that the Western powers headed by the United States have mustered large-scale military forces at great risks lies basically in the fact that the world has tremendously great oil interests in the Gulf. The Gulf has once again become the focus of attention in the world; this illustrates that oil's importance to the West and the entire world economy has not diminished.

The Gulf crisis demonstrates that the "hi-tech era" of the world economy is not on the horizon yet, and the reliance on traditional industries of basic natural resources such as oil remains the main body of the world economy. Since the mid-1970's, a new technological revolution represented by biological engineering, micro-electronics, and new materials has been on the rise. It is universally believed that this new technological revolution will eventually push human society to a post-industrialized society with high technology taking the lead. However, the "locomotive technologies" including biological engineering are still in their initial phase as of today, and have failed to shape into tremendous productive forces. Viewing the impact of the Gulf crisis on the world economy, we may see that hi-tech industries have not occupied the leading position in the economy, while the roles of basic and strategic natural resources are of equal importance to high technology in world economic development. This being the case, we expect that in the wake of the Gulf crisis, all nations will attach greater importance to formulating policies on basic and strategic natural resources while setting great store on science and technology policies. At the same time, the contention over natural resources will be increasingly intense. In conclusion, the Gulf crisis has unfavorable effects on the world economy today, while offering us some revelation and food for thought on the future world economic development. Viewing the 1990's and the next century, the world economic development will not be plain sailing; there will be great opportunities as well as severe challenges. How to grasp the opportunities to face the challenges is a solemn topic facing all the world's nations.

Northeast Asia

MPRP Secretary General Receives CPC Group

OW2502053391 Beijing XINHUA in English
0304 GMT 25 Feb 91

[Text] Ulaanbaatar, February 24 (XINHUA)—Mongolian People's Revolutionary Party (MPRP) Chairman [title as received] Gombojabyn Ochirbat today said his party will adhere to its principled stand to carry on the struggle for realizing scientific socialism.

Ochirbat said the MPRP will make efforts for social stability and national unity, both are very important for the country.

He made the remarks while meeting Wang Qun who arrived here today at the head of a Chinese Communist Party delegation for celebrations of the MPRP's 70th anniversary.

The Mongolian party chairman thanked Chinese Communist Party leader Jiang Zemin for sending a delegation to attend the ceremony of the 70th anniversary of the founding of the MPRP and the 20th party congress.

He explained to the Chinese guests about the major items on the agenda of the congress scheduled for tomorrow. He said he was satisfied with his visit to China and the developments of the relations between the two parties and two countries.

Wang Qun, member of the Chinese Communist Party Central Committee, praised the MPRP's historical choice of upholding socialism and hoped the 20th MPRP Congress will be crowned with success.

Southeast Asia & Pacific

Roundup Details Thai Military Coup 23 Feb

OW2302111091 Beijing XINHUA in English
1351 GMT 23 Feb 91

["Roundup: Thai Military Stages Coup"—XINHUA headline]

[Text] Bangkok, February 23 (XINHUA)—The Thai military staged a bloodless coup against Chatchai Chulhawan's government at about noon time today.

Thai Armed Forces occupied the Government House and sealed off all roads leading to it massing troops around the complex.

Thai troops also seized TV Channels 9 and 3 and the Public Relations Department (PRD) which controls Thailand's mass media.

Shortly afterwards, the military formed the National Security Council (NSC) headed by Supreme Commander of the Thai Armed Forces Sunthong Khongsomphong which was also attended by the Army Commander-in-Chief Sunchinda Khraprayun, Air Force Commander-in-Chief Kaset Rotchananin, the Navy Commander-in-Chief Praphat Kritsanachan, and Police Chief Sawat Amornvuiuat.

Sunthong said in the No. One General Order of the NSC issued through the military TV Channel 5 that from 11.30 A.M. (local time) today, the Army, Air, Navy, and Police Forces have put the Thai Government administration under control; the three Armed Services have controlled the situation in Thailand, he said.

Sunthong called on all the Armed Forces to follow the order of the National Security Council.

In the No. 2 General Order, the NSC issued five reasons for the military to stage the coup and seize power, the reasons include alleged corruption among government officials, the domination of the parliament by the government and its adoption of various means to disintegrate the unity of the Thai Armed Forces.

In its No. 3 General Order, the NSC dissolved the Thai parliament and government. It also announced to suspend the implementation of the current constitution.

The order noted that the country's privy council and courts at various levels will continue to be functional.

In its No. 4 General Order, the NSC said that since 11:30 A.M. (local time) today, the military has imposed an indefinite curfew throughout the country.

In its No. 7 General Order, the NSC forbid any gathering of more than five persons across the country.

The NSC also announced in its No. 8 General Order that as Thailand has no prime minister right now, its administration work should be carried out by the NSC chairman or other personnel he has selected.

In its No. 11 General Order, the NSC said the work of various ministries will be put under the leadership of permanent secretaries and all ministries will be put under the direct leadership of the NSC.

According to a military source here today, Thai military forces has taken Prime Minister Chatchai Chunhawan and his deputy Athit Kamlang-ek into custody while the two were on their way to the northern city of Chiang Mai, where they were scheduled to seek an audience with the king.

Athit was appointed to take an additional post of deputy defense minister on February 20 and planned to take the oath of office today in front of the king.

Near East & South Asia

Pakistan Prime Minister Nawaz Sharif To Visit

Ambassador Previews Visit

OW2302125691 Beijing XINHUA in English
1151 GMT 23 Feb 91

[Text] Beijing, February 23 (XINHUA)—The forthcoming visit to China by Pakistan Prime Minister Nawaz Sharif will "impart fresh vigor and vitality and add new dimensions to the traditional and time-tested friendship between China and Pakistan," Pakistan Ambassador to China Akram Zaki said here today.

Speaking at a press briefing, Zaki said that the visit, scheduled from February 26 to March 1, will make an important contribution to the further strengthening of the time-tested and all-weather friendship between the two neighboring countries.

The ambassador noted that the visit will be undertaken under special circumstances. Right after the Gulf crisis began, he went on, Pakistan made immediate and serious efforts to prevent the outbreak of war in the Gulf region. Since the war broke out, he added, Prime Minister Sharif personally visited 11 countries including a number of countries in the war zone and put forward a six-point plan to end the Gulf crisis.

His China trip, Zaki stressed, is also a part of Sharif's peace mission.

The ambassador said that China strongly supports a peaceful political solution of the Gulf crisis and has played a positive role in this regard.

China, being a permanent member of the United Nations Security Council and a close and trusted friend of Pakistan, can make invaluable contributions in supporting Pakistan's peace mission and other efforts for ending the Gulf war, Zaki said.

Sharif will hold consultations with top Chinese leaders to explore ways and means to end the Gulf war, Zaki said, adding they will also discuss other important international, regional and bilateral issues of mutual interest.

Sharif Comments on Relations

OW2502055191 Beijing XINHUA in English
0447 GMT 25 Feb 91

[Text] Islamabad, February 25 (XINHUA)—Pakistan Prime Minister Nawaz Sharif said that the Pakistanis are proud of their time-tested friendship with China.

In an interview with Chinese correspondents here on the eve of his four-day official visit to China starting February 26, the prime minister said, "China is a great country and a great friend of Pakistan. It is a country which has always supported Pakistan through thick and thin."

"Pakistan is moving on the path of self-reliance. I believe that it is the need of the hour to even expand the scope of cooperation between Pakistan and China," Nawaz said.

"We would like to even expand our cooperation with China in the fields of industry, trade and economy," he added.

On the Gulf situation, the prime minister said that "the key to the solution to the Gulf crisis is of course the implementation of the UN Security Council resolution."

"In order to find some solutions, I think, a get-together is necessary, a get-together of all the Muslim countries, because it is primarily a war between one Muslim country and the other," the prime minister said.

"Therefore, we emphasized the need of such a meeting for which I personally visited 10 countries and I sent my delegations to sixteen more countries," he added.

"Efforts have been made, the efforts still continue and we hope that our efforts and the efforts now going on through other channels probably will bear fruit," he noted.

Referring to the Soviet role in the settlement of the Gulf crisis, Nawaz said that the Soviets are doing a good thing and serving a good cause. "We appreciate the efforts being made by the Soviet Union," he said.

When asked about Pakistan's self-reliance policy, the prime minister said, "to achieve self-reliance is a very difficult task and especially for a country like Pakistan. But since we have adopted it as a matter of policy and we have taken such a decision, I think even if we have to go through difficult times we are quite ready."

"It will take a lot of time, we are prepared. We are prepared for the sacrifice also. I am also preparing my nation to be ready for any sacrifice," he stressed.

Referring to the cut-off of aid to Pakistan by the United States, Nawaz said, "They wanted Pakistan to make certain compromises on certain principles, which we have declined. We have told them very clearly as before that Pakistan is going ahead in nuclear technology. The nuclear technology of Pakistan is meant for peaceful purposes, but they still wanted us to accept certain conditions which I think are not in the interest of Pakistan."

The suspension of U.S. aid "must not affect our relationship with America. The relationship is still continuing and will continue," he said.

Delegates at Sri Lanka Foreign Investment Seminar

OW2502114891 Beijing XINHUA in English
1131 GMT 25 Feb 91

[Text] Colombo, February 25 (XINHUA)—A four-day foreign investment promotion seminar opened here today.

More than 200 investors from foreign countries and host country Sri Lanka, including five Chinese, were present at the opening ceremony this morning.

The seminar replaced the International Investors Forum which was postponed due to the Gulf war.

Speaking at the opening ceremony, Nissanka Wijewardane, director general of the Greater Colombo Economic Commission (GCEC), said that this seminar provided an opportunity for local entrepreneurs eager to collaborate in projects for which profiles have been prepared by the Sri Lanka Business Development Centre (SLBDC).

He said that the SLBDC in consultation with the GCEC has prepared 50 sectoral project profiles on prefeasibility studies for export oriented joint venture projects in priority sectors.

Since 1978, Sri Lanka's economic development has been based on liberal open market policies and export-led industrial growth, he went on.

In order to achieve this objective, the director said the Sri Lanka Government has conferred upon the GCEC wide ranging statutory powers authorizing it to vary, modify or to exempt the application of certain important laws of the country thus enabling it to grant a variety of incentives and concessions to enterprises which would set up and operate projects with foreign participation.

He told the foreign investors that with the improvement of investment climate including the right to reside in the country, investors would be assured of a safe and secure investment in Sri Lanka.

The GCEC already has two free trade zones (FTZ)—Katunayake FTZ and Biagama FTZ. The third FTZ at Koggala in the south of the country is under construction.

The total foreign investment in Sri Lanka at the end of December 1990 was about 1.2 billion U.S. dollars with almost 122,600 persons employed in the free trade zones.

PRC To Design Large Indian Steel Plant

HK2402034091 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 24 Feb 91 p 1

[By staff reporter Ren Kan]

[Text] China and India are forging ahead with cooperation in the metallurgical industry following the signing of an agreement for a Chinese corporation to supply designs for a major steel plant in India.

The contract, signed in Beijing earlier this month between the China Metallurgical Import and Export Corporation (CMIEC) and the Indian Essar Company, is for the design of a steel plant with an annual capacity of 1 million tons, according to Fei Zuxun, senior vice-president of the CMIEC.

It was the first contract China had won to design such a large foreign steel plant, Fei said, although the country had designed several smaller steel firms in Viet Nam, Albania and Zimbabwe.

According to the contract, China will be in charge of designing the general layout of the plant, its raw materials yard, sintering plant, iron-making plant, steel-making plant, continuous casting machine, hydropower station, oxygen-making plant and lime kiln.

The project will be conducted by the Beijing Central Engineering and Research Incorporation of the Iron and Steel Industry, and the Anshan Engineering and Research Institute for Ferrous Metallurgical Mines in Liaoning Province.

Fei said the two sides would meet in India at the end of this month to discuss implementation of the contract, all the work for which would be finished in two years.

At the meeting, Fei said, the CMIEC would also discuss the supply of Chinese equipment for the plant.

The Essar Corporation has said it wants to buy Chinese coke for the 1-million-ton steel plant. The purchase could be by cash or in the form of compensation trade, Fei said.

The Indian corporation, Fei said, also wished to set up a jointly-funded coking venture in China to ensure supplies of coke.

The recently-signed contract was the second technology transfer agreement clinched between the CMIEC and

Indian corporations in the last four months, Fei said, adding that his corporation had signed a contract with Simplex India during his visit to the country in November.

The Simplex contract was for the transfer of technology for the production of pig iron and raw steel, and vested the Simplex corporation with all rights to sell the technology to other Indian companies.

Fei said many Indian corporations had shown interest in Chinese metallurgical technology since the Indian Government last year allowed its private enterprises to set up steel plants with annual production capacity of up to 1 million tons, compared with only 200,000 tons previously.

In an attempt to promote Sino-Indian co-operation in the metallurgical industry, Fei said, his corporation was considering setting up an office in India.

Links between the two countries' metallurgical industries had grown rapidly since last year, Fei said, adding that contacts had previously been confined to China's importing small quantities of iron ore.

Qi Yuanjing, minister of the Metallurgical Industry, visited India last June. It was the first time the Chinese minister of metallurgy had visited the country since the founding of the People's Republic of China in 1949.

Following Qi's trip, Fei said, many Indian business people had visited China to discuss acquiring technology.

Political & Social

NPC Fourth Session To Open 25 March

Foreign Journalists 'Welcome'

OW2302093691 Beijing XINHUA Domestic Service
in Chinese 0721 GMT 23 Feb 91

[Text] Beijing, 23 Feb (XINHUA)—Zhou Chengkui, spokesman of the General Office of the National People's Congress [NPC] Standing Committee, said here today: The Fourth Session of the Seventh National People's Congress and the Fourth Session of the Seventh National Committee of the Chinese People's Political Consultative Conference [CPPCC] will open in Beijing in the last 10 days of March. Journalists from Hong Kong, Macao, Taiwan, and foreign countries are welcome to cover the event.

Zhou Chengkui said: Journalists from Hong Kong and Macao who want to cover the sessions may apply, through the Hong Kong or Macao branch of the XINHUA News Agency, to the press office of the Fourth Session of the Seventh NPC and the Seventh CPPCC National Committee. Taiwan journalists may apply to the press office of the Fourth Session of the Seventh NPC and the Seventh CPPCC National Committee through either the Hong Kong branch of the XINHUA News Agency or PRC embassies or consulates abroad. Foreign journalists may apply to the press office of the Fourth Session of the Seventh NPC and the Seventh CPPCC National Committee through PRC embassies or consulates abroad. Foreign and Hong Kong journalists based in Beijing may apply directly to the press office of the Fourth Session of the Seventh NPC and the Seventh CPPCC National Committee. When filing their applications, Hong Kong, Macao, Taiwan, and foreign journalists must show a letter of authorization from the news media they represent or a certificate confirming their journalist identity. They must also indicate whether they are reporters or photographers. The deadline to file the application is 28 March 1991.

He said: The Fourth Session of the Seventh NPC and the Fourth Session of the Seventh CPPCC National Committee will set up a press center at the Jingguang Center in Beijing to receive Hong Kong, Macao, Taiwan, and foreign journalists. They will also make arrangements for them to cover the event, provide them with information, and news items and materials concerning the two sessions. To facilitate their news coverage and livelihood, the two sessions will provide Hong Kong, Macao, Taiwan, and foreign journalists with good working and living conditions, including food, lodgings, facsimile machines, and international telephone services.

Meeting Examines Proposals

OW2302132991 Beijing XINHUA in English
1246 GMT 23 Feb 91

[Text] Beijing, February 23 (XINHUA)—The Fourth Session of the Seventh National People's Congress (NPC) of China will be held here in late March, it was announced today.

Zhou Chengkui, spokesman of the General Office of the NPC Standing Committee, made the announcement at a news briefing today.

He said a meeting of Standing Committee chairman and vice-chairmen has already raised proposals for the agenda of next month's NPC session. The proposals will be discussed at the 18th meeting of the Seventh NPC Standing Committee to be held next week.

He said the agenda proposals include hearing and examining the Ten-Year Plan for Economic and Social Development (1991-2000) and the Eighth Five-Year Plan (1991-1995).

The agenda proposals also include examination of the results of the implementation of the 1990 National Economic and Social Development Plan, as well as the approval of the 1991 National Economic and Social Development Plan.

Also on the agenda are examination of the 1990 and 1991 state budgets.

Zhou said that next week's NPC Standing Committee meeting will also consider the "draft amendment to the law on the national emblem of the People's Republic of China," "proposed draft amendment to the Civil Procedure Law of the People's Republic of China" and "draft law on income tax relating to foreign companies and foreign-funded companies in the People's Republic of China".

In addition, the Standing Committee meeting will also consider four new motions raised by the State Council. They are the draft amendment to the "Law on the Preservation of Relics of the People's Republic of China", the draft of the "Law on Water and Soil Conservation of the People's Republic of China", the draft of the "Decision on Deepening Legal Education" and accession to the "Convention on Delivering Civil and Business Judicial and Non-Judicial Credentials Abroad".

Zhou said the Standing Committee meeting will consider a report on the implementation of the first five-year legal education plan and proposals for this year's legal education work from Minister of Justice Cai Cheng. In addition, it will deliberate the "draft decision on strengthening the comprehensive administration of social security" and also a report on the qualifications of new delegates to the Seventh NPC. In addition, decisions on appointments and removals will also be made at the Standing Committee meeting.

Spokesman on 1989 'Criminal Cases'*OW2302151591 Beijing XINHUA in English
1435 GMT 23 Feb 91*

[Text] Beijing, February 23 (XINHUA)—The adjudication of the criminal cases related to the 1989 anti-government rioters were conducted in strict accordance with China's laws.

Zhou Chengkui, a spokesman of the General Office of the Standing Committee of the National People's Congress (NPC), made this remark in response to questions from foreign journalists at a news briefing here today.

The martial law imposed on parts of Beijing by the State Council, was lifted in January, 1990, Zhou said. The martial law is an emergency law, and is in principle superior over ordinary laws. Consequently, during the enforcement of the martial law, some provisions of ordinary laws may be inapplicable, he said.

In addition, Zhou said, procuratorial organs may remand cases to public security organs, which will conduct supplementary investigations, as stipulated by the laws of China.

According to China's laws, he said, the period of incarceration will be recounted in cases where, in the process of investigation, new circumstances of crimes are discovered and a supplementary investigation is required.

Zhou also commented on the removal of Xu Jiatun from his position as a deputy to the Seventh National People's Congress by the 18th Session of the Standing Committee of the Seventh Guangdong Provincial People's Congress.

Zhou said the removal of an NPC deputy is a matter concerning the constituents of a local election ward, adding that if a people's deputy loses the credit and trust of local constituents, they have the right to remove him.

He said that Xu Jiatun betrayed the people, journeyed abroad on April 30, 1990 and has not yet returned from the United States, creating an extremely bad impression both at home and abroad. The Standing Committee of the Provincial People's Congress of Guangdong Province, where Xu was elected, decided that Xu has betrayed the basic conditions expected of an NPC deputy.

384 Motions Dealt With*OW2402020491 Beijing XINHUA Domestic Service
in Chinese 0952 GMT 23 Feb 91*

[Text] Beijing, 23 Feb (XINHUA)—The General Office of the Standing Committee of the National People's Congress [NPC] announced that 384 motions were made by deputies and delegations during the Third Session of the Seventh NPC. According to a decision made by the presidium of that session, 304 motions were to be treated as proposals, criticisms, and opinions, and passed to the departments concerned by the General Office of the NPC Standing Committee. These departments were

requested to study and deal with the proposals, criticisms, and opinions, and take the responsibility of replying to the deputies concerned. By the end of September 1990, they had completed this work and directly replied to the deputies.

According to the NPC's rules of procedure, in handling the proposals, criticisms, and opinions from deputies, replies should be sent to the deputies no later than six months after the end of the session. In the present instance, not only were the replies sent out before the deadline, but all departments concerned did their utmost to reply to the deputies as early as possible. This shows the importance they attached to this work. Moreover, as can be seen from the contents of their replies, all departments concerned paid attention to conducting investigations and solving questions by seeking truth from facts. As to those questions that could not be solved, they explained in an earnest manner why no solutions could be reached. This means an improvement in the quality of handling the deputies' motions.

It is learned that there are 62 proposals accepted and questions solved, or basically solved, accounting for 20.39 percent of the total number of motions. Proposals being put into practice and questions being solved, or partially solved, total 123, or 40.46 percent of the total motions. There are 89 motions in which the proposals cannot be accepted and the questions cannot be solved for the time being because of current conditions. These have to be left for the future when conditions are ripe and account for 29.28 percent of the total motions. There are 30 proposals, or 9.87 percent of the total motions, not to be accepted at all.

Leaders Attend Committee Meeting*OW2502113291 Beijing XINHUA Domestic Service
in Chinese 0802 GMT 25 Feb 91*

[By reporters He Ping (0149 1627) and Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 25 Feb (XINHUA)—The 18th meeting of the Seventh National People's Congress [NPC] Standing Committee opened at the Great Hall of the People this morning. The meeting reached a decision on convening the Fourth Session of the Seventh NPC, which is scheduled to open on 25 March.

Chairman Wan Li presided over the meeting. At the beginning of the meeting, Wan Li explained the draft of the meeting agenda, which was approved by members.

In accordance with the agenda, the meeting voted on and approved the NPC Standing Committee's decision on convening the Fourth Session of the Seventh NPC.

During the meeting today, Song Rufen, vice chairman of the NPC Law Committee, Wang Hanbin, vice chairman and concurrently chairman of the Legislative Affairs Commission of the NPC Standing Committee, and Gu Ming, vice chairman of the NPC Law Committee made

reports respectively on the results of examining the draft national emblem law, the draft revision of the civil procedural law (trial implementation), and the income tax law related to foreign enterprises and foreign-funded enterprises.

Entrusted by the State Council, Zhang Deqin, director of the State Cultural Relics Bureau, Yang Zhenhuai, minister of water resources, and Liu Huaqiu, vice minister of foreign affairs, explained respectively the draft amendment to the law on Preserving Cultural Relics, the draft law on water and soil conservation, and a draft proposal for ratification of the convention related to servicing of judicial documents abroad, as well as for extrajudicial documents related to civil or commercial matters.

Copies of a draft decision of the NPC Standing Committee on strengthening the comprehensive administrative of public security were distributed to members at the meeting.

Vice Chairmen Peng Chong, Ngapoi Ngawang Jigme, Seypidin Aze, Zhou Gucheng, Yang Jici, Ye Fei, Liao Hansheng, Ni Zhifu, Chen Muhua, Fei Xiaotong, Sun Qimeng, Lei Jieqiong, and Wang Hanbin attended the meeting.

Song Jian, state councillor; Ren Jianxin, president of the Supreme People's Court; and Liu Fuzhi, procurator general of the Supreme People's Procuratorate, attended the meeting as observers.

Motion on Hague Convention Submitted

*OW2502125591 Beijing XINHUA in English
1231 GMT 25 Feb 91*

[Text] Beijing, February 25 (XINHUA)—Chinese Premier Li Peng submitted a motion to legislators here today calling for the deliberation and approval of a resolution to allow China to join in "the convention on the servicing of judicial documents and extrajudicial documents in civil or commercial matters abroad."

The convention, which was adopted at the 10th session of the Hague Conference on Private International Law in 1965, became effective in 1969 and had been approved or joined by 28 countries by October, 1989.

In a motion to the on-going 18th Session of the Seventh National People's Congress Standing Committee, Li said that the convention is a relatively comprehensive document concerning the servicing of judicial and extrajudicial documents abroad, and is of importance in promoting international judicial assistance.

The premier said that China has signed bilateral treaties on judicial affairs with a number of countries, and that it is necessary for the country to join in multilateral treaties as it further opens to the outside world.

While noting that the provisions of the convention basically conform to the related laws and judicial practices of China, the premier said that by joining in the convention China will help to widen the scope of its

assistance and co-operative relations with foreign countries. In addition, participation will help the country play a greater role in the Hague Conference in matters relating to private international law.

Draft Conservation Law Submitted

*OW2502090791 Beijing XINHUA in English
0838 GMT 25 Feb 91*

[Text] Beijing, February 25 (XINHUA)—Premier Li Peng submitted a draft law to legislators today in which he suggests they deliberate the formulation of a law to protect water conservation and prevent soil erosion.

In his motion to the on-going 18th Session of the Standing Committee of the Seventh National Peoples Congress [NPC], Li said that the draft law was designed to prevent soil erosion and improve water and soil resources. In addition the law would provide a means to reduce the effects of flooding, droughts and windstorms, as well as improve the biological environment and develop production.

The topography of China, a mountainous country, reveals that over two thirds of the country, or 9.6 million square kilometers, are covered by mountains and hills. As a result, soil erosion damages the biological environment and greatly hinders efforts to improve the living standards and economic development in affected areas.

Yang Zhenhuai, minister of water resources, explained the draft law to the legislators and attributed the serious soil erosion problem to over exploitation of both land and plant resources. Yang cited a number of other factors including the denuding of forests, overgrazing, as well as to an ignorance of water and soil conservancy in the development of mines, roads and other projects.

Yang said that while the Chinese Government did issue two regulations concerning water and soil conservancy in 1957 and 1982, nonetheless a new law is necessary to harness the serious soil erosion problem and to strengthen supervision over it.

The minister said that the draft law established a new guiding principle for water and soil conservancy which focuses major efforts on the prevention of soil erosion. Yang compared this with the previous practice which placed equal emphasis on the prevention of possible soil erosion and on fighting existing soil erosion.

XINHUA has learned that the 44-article draft law contains provisions aimed at harnessing soil erosion affecting barren hills and wastelands, as well as wildernesses areas.

Yang said that during the period required to draft the law, experts conducted numerous investigations and research projects related to soil erosion. The experts gathered suggestions from local residents in Hebei, Shanxi, Shaanxi Provinces, as well as in the Inner Mongolian Autonomous Region, where the soil erosion problem is relatively the most serious in the country.

Amendment on Relics Law Submitted*OW2502103691 Beijing XINHUA in English
1018 GMT 25 Feb 91*

[Text] Beijing, February 25 (XINHUA)—China will amend its eight year-old law on the Preservation of Cultural Relics in a bid to provide for harsher penalties to be dealt to persons involved in various crimes related to relics.

Premier Li Peng submitted a draft amendment to the Cultural Relics Preservation Law to the 18th meeting of the Standing Committee of the National People's Congress, which opened here today.

In his proposal Li said that it is necessary to revise some articles in the current Cultural Relics Preservation Law so as to strengthen the protection and preservation of cultural and historical relics, as well as to crackdown on various crimes which result in damage to relics.

Zhang Deqin, director of the State Cultural Relics Bureau, presented the Standing Committee with an explanation report on the draft amendment.

Zhang said that in recent years China has witnessed a sharp rise in the number of crimes involving relics, as well as in cases involving relics smuggling and theft. Among the criminals are international syndicates. Chinese relics have been found in overseas markets. In addition, the illegal excavation of ancient tombs is becoming increasingly rampant.

The director complained that many ancient tombs and historical sites are being destroyed as a result of illegal excavations.

At the same time, environmental pollution is another major factor spoiling cultural and historical relics.

Zhang said that the current law, which was implemented in 1982, is believed to have played an important role in protecting relics and is still basically applicable under the present situation.

However, he added, the law failed to define the powers and responsibilities of relevant departments regarding the protection of relics, and the penalties concerning crimes involving relics are too lenient. Therefore, the law needs to be amended.

Jiang Zemin, Li Peng Address Intellectuals*OW2302143091 Beijing Domestic Service
in Mandarin 1030 GMT 23 Feb 91*

[From the "National Hookup" program]

[Text] Party and state leaders Jiang Zemin, Li Peng, Song Ping, and Li Ruihuan attended a discussion meeting with the intellectuals of the Chinese Academy of Social Sciences at Huarentang in Zhongnanhai today.

More than 10 directors of the institutes and researchers spoke at the meeting. They spoke out freely and made positive suggestions on social science research, how to serve socialist construction and bring about a flourishing culture, academic research, training of social science researchers, and other questions.

Jiang Zemin and Li Peng made important speeches at the meeting.

Discuss Role of Social Sciences*OW2302170191 Beijing XINHUA in English
1647 GMT 23 Feb 91*

[Text] Beijing, February 23 (XINHUA)—Chinese Communist Party chief Jiang Zemin and Premier Li Peng have praised the important role Chinese social science researchers are playing in China's socialist construction and modernization drive.

They addressed a meeting of scholars and social scientists from the Chinese Academy of Social Sciences here today.

Addressing the meeting, Jiang said social science research should be in line with China's socialist construction, reform and the policy of opening to the outside world. Priority should be given to research in basic and applied science in order to provide policy-makers with systematic, scientific and tested theoretical data.

The direction and development of social sciences exert a huge influence on social conduct, economic construction and social stability, in which hinge the rise and fall of the country and the destiny of socialism, Jiang said.

The arduous tasks we are shouldering and the complex situation we are confronting set severe and pressing demands for social science researchers, Jiang said.

The party general secretary urged social scientists to sum up the 70 years' experience of the Chinese Communist Party and the 40 years' experience of the People's Republic of China, combine their study with practice and serve with the objective of building socialism with Chinese characteristics.

Jiang said researchers in social sciences must combine theory with practice and integrate themselves with the masses.

The policy of "let a hundred flowers blossom and a hundred schools of thought contend" must be continuously carried out so as to create a favourable environment for academic research, said the party chief.

He stressed that it is necessary to sum up experience, strengthen ideological and organizational construction to build the Chinese Academy of Social Sciences into a strong front of Marxism.

Premier Li Peng pointed out at the meeting that social sciences are as important as natural sciences in the country's modernization drive. He said that the party and government should enhance their leadership over the work of social sciences.

He said it is imperative to pay greater attention to training social science personnel and further improve, on the basis of the economic development, the conditions for intellectuals.

Meet Social Scientists

OW2302213991 Beijing XINHUA Domestic Service
in Chinese 1617 GMT 23 Feb 91

[By Central People's Broadcasting Station reporter Luo Guanxing (5012 6034 2502) and XINHUA reporter Sun Benyao (1327 2609 1031)]

[Text] Beijing, 23 Feb (XINHUA)—At a discussion meeting with some experts and scholars from the Chinese Academy of Social Sciences at Zhongnanhai's Huairan Pavilion today, Jiang Zemin, general secretary of the CPC Central Committee, and Li Peng, member of the Standing Committee of the Political Bureau of the CPC Central Committee, pointed out that social sciences researchers are an important force in the great cause of the socialist modernization drive. In accordance with the tasks set by the socialist modernization drive and by reform and opening to the outside world, social sciences departments should strengthen basic theoretical research and application research in conjunction with reality to provide systematic, scientific theoretical results that can withstand the test of practice for realizing the second-step strategic goal of economic and social development.

Jiang Zemin presided over the discussion meeting. Attending the meeting were Song Ping and Li Ruihuan, members of the Standing Committee of the Political Bureau of the CPC Central Committee; Li Tieying and Ding Guangen, member and alternate member, respectively, of the Political Bureau of the CPC Central Committee; Wen Jiabao, alternate member of the Secretariat of the CPC Central Committee; and Hu Sheng, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the Chinese Academy of Social Sciences.

Speaking at the discussion meeting, Jiang Zemin first extended regards to social sciences workers throughout the country.

He said: Since the Third Plenum of the 11th CPC Central Committee, China has made outstanding achievements in socialist modernization that have attracted worldwide attention. Some of these achievements were the contributions of social sciences workers. Correct orientation of social sciences research and the development of social sciences have a great and profound impact on people's ideological consciousness, social morality, economic construction, social stability, and social development. This even bears on the rise and fall of the Chinese nation and the destiny of socialism.

Jiang Zemin pointed out: At present, the arduous tasks and complex situation we are facing have set greater and more urgent demands on social sciences. He expressed the hope that all social science workers will conscientiously sum up their rich experiences in revolution and construction since

the founding of the party 70 years ago, since the founding of New China 40 years ago, and particularly since the Third Plenum of the 11th CPC Central Committee 10 years ago; conduct research in conjunction with reality and in accordance with the tasks set by socialist modernization, reform and opening to the outside world; and serve socialist modernization, serve the building of a socialist spiritual civilization, and serve the great cause of building socialism with Chinese characteristics.

Jiang Zemin said: Social sciences should uphold Marxist guidance and the integration of theory with practice. Social sciences workers should take the road of integrating with practice and with the masses. It is necessary to continue to implement the "double hundred" policy and create a good environment favorable to academic development.

He stressed: It is necessary to sum up experiences, pluck up spirits, and strengthen ideological construction and organizational construction to build the Chinese Academy of Social Sciences into a strong bastion of Marxism.

In conclusion, Jiang Zemin said: Party committees should strengthen leadership, urgently improve their work, and strive to enrich and develop the social sciences.

Addressing the discussion meeting, Li Peng said: Like the natural sciences, the social sciences play an important role in the four modernizations drive. The party and the government should strengthen leadership over this work. He said: Research in the social sciences should serve socialist modernization. Some research work should directly serve the formulation of domestic and foreign policies, while other research should be conducted on a long-term basis. The relationship between the two should be correctly handled. In academic research, we should uphold the "double hundred" policy. We should integrate the universal truth of Marxism with the reality in China and strive to establish a system of social sciences theory with Chinese characteristics.

Li Peng said: We should pay attention to bringing up qualified social science personnel and to selecting personnel who have been tempered in practice, who have attained a certain academic standard, and who have research capability to fill the contingents of social science researchers. On the basis of economic development, we should further improve intellectuals' pay and conditions, gradually increase research funds, and improve research facilities.

At the discussion meeting, He Jianzhang, research fellow of political economy; Li Jiangwen, director of the Research Institute of Mathematics and Technological Economy; Li Cong, director of the Research Institute of World Economy and Politics; Liu Qilin, secretary general of the Chinese Academy of Social Sciences; Lin Ganquan, vice chairman of the Editing Committee for Guo Moruo's works; Li Qi, research fellow of ethics; Wang Jiafu, director of the Law Research Institute; Wang Qingcheng, director of the Research Institute of Modern History; Chen Yunquan, deputy director of the Research Institute of Philosophy; Zi Zhongyun, director of the United States Research Institute; Zhang Yu,

director of the Research Institute of Foreign Literature; Liu Kuili, director of the Research Institute of Minority Nationality Literature; Dao Bu, research fellow of Mongolian Language and Literature; Xu Pingfang, director of the Archaeological Research Institute; and Hou Minze, research fellow of literary theories, made speeches. They exchanged views freely on how research in the social sciences should serve socialist construction and should enrich the culture and academic research, and on how social science workers should strengthen the study of Marxist theories and of specialized knowledge, and other issues. They also made positive suggestions and proposals in this connection.

Attending the discussion meeting also were Lu Feng and Wang Renzhi, responsible persons of departments concerned.

More than 70 people, including research fellows, associate research fellows, copy editors, and deputy copy editors, and directors and deputy directors of research institutes related to social sciences, attended the discussion meeting.

Chen Jinhua Promises Housing Reform

OW2502152191 Beijing XINHUA in English
1409 GMT 25 Feb 91

[Text] Beijing, February 25 (XINHUA)—China will actively push forward the housing reform, readjust rents and quicken the pace of housing commercialization, a high-ranking government official said here today.

Chen Jinhua, minister in charge of the State Commission for Restructuring the Economy, said at a national conference on reform that one or two cities will be chosen to serve as experimental housing reform regions this year in line with the general arrangement.

He said that the rents of different public housing will be raised and unified within a locality. The government will encourage employees to buy public houses and raise money for house construction.

The housing reform concerns broad masses of people. Any reform program, policy, or measure will only be laid down after extensive discussion from various circles, Chen said.

He stressed that the housing reform is urgent and necessary because the state has to spend more than 30 billion and six billion yuan to construct and repair government houses, respectively, each year.

On the other hand, he said, the people need a quick solution to the housing problem, adding that the state and the localities possess the construction force and materials necessary to ease the problem.

Li Peng Promulgates Compensation Regulations

OW2302203891 Beijing XINHUA Domestic Service
in Chinese 0957 GMT 23 Feb 91

[Text] Beijing, 23 Feb (XINHUA)—The People's Republic of China State Council Order Number 74

"The Regulations on Compensation for Land Used and Resettlement of Residents in Connection With Construction of Large and Medium-Scale Water Conservation and Hydroelectric Projects" approved at the 77th executive meeting of the State Council on 25 January 1991 are now published and take effect 1 May 1991.

[Signed] Premier Li Peng

[Dated] 15 February 1991

Yang Shangkun Views Lin Biao, Others in History

HK2402085291 Haikou HAINAN RIBAO in Chinese
9 Jan 91 p 5

[Report: "Comrade Yang Shangkun on Evaluation of Historical Figures"—originally published in WENCUI ZHOUBAO]

[Text] Comrade Yang Shangkun said: I recently read some reminiscences about Comrade Ye Ting, which mentioned how he was detained by the Kuomintang [KMT] during the Wannan Incident. After the New Fourth Army was besieged by the KMT troops, in order to rescue more than 100 surviving comrades, Ye Ting decided to go down the hills with several people to make representations to the KMT troops. At that time, he believed that he could rescue his comrades, as he was commander of the New Fourth Army appointed officially by Chiang Kai-shek and was a famous high-ranking military officer in China. He did not expect that Chiang Kai-shek would even dare to arrest him. In fact, as soon as he went down the hills, he was detained by Chiang. Then, how should we evaluate Ye Ting's action? I think that Ye Ting was right in doing so because he had no other option after the troops were scattered and Rao Shushi also escaped by disguising himself as a company secretary. As another example, how should we evaluate Lin Biao? When Lin commanded the troops in Northeast China, he did hold opinions different from Chairman Mao's on some issues, but he did many things that should be affirmed in Northeast China and later when he commanded the troops to fight southward across the Great Wall to the Chang Jiang and then to Hainan Island. We cannot regard him as a bad guy when he was in Northeast China because he later betrayed his country. Lin Biao was a major high-ranking officer of the Red Army, and he played a role in many battles. The historical evaluation of such figures should be left for the central leadership to discuss.

How should such comrades as Xiang Ying and such figures as Zhang Guotao be evaluated? I think that they should still be evaluated against the historical conditions of that time. Some time ago, comrades in Northeast China did not dare to depict Lin Biao when they made films and dramas. Lin Biao should be placed against the background of the specific historical conditions. The depiction of historical events and figures should be in line with facts in all aspects, and the evaluation should be fair.

In the fifth issue of ZHONGGONG DANGSHI YANJIU [RESEARCH OF CPC HISTORY], Comrade Yang Shangkun pointed out the need to objectively evaluate historical figures. He said: There were problems in depicting two marshals in our Army. One was Peng Dehuai. From the Lushan Conference to the period of the "Cultural Revolution," he was described as a person having no saving graces, but Peng Dehuai was not such a bad guy in history. During the seventh party congress, Chairman Mao said that the issue of the Hundred Regiments' Campaign should be evaluated after the end of the Anti-Japanese War. Later, when Peng Dehuai became the target of struggle, the Hundred Regiments' Campaign was taken as one of his major crimes, and he was accused of defying the central leadership's orders and not sending reports to the central leadership. All such accusations were out of keeping with facts.

Another marshal was Lin Biao. He finally committed treason, but he should not be completely negated because of his final betrayal. In the Central Soviet Area, in the Long March, in the Anti-Japanese War, and especially in the Northeast Liberation War, Lin Biao rendered meritorious service. When evaluating a historical figure, we should not negate him completely because he committed mistakes, and we should not describe a person as being constantly correct because he was correct in one case.

Visits Shanghai Martyrs' Cemetery

OW2302201691 Beijing XINHUA Domestic Service
in Chinese 1308 GMT 22 Feb 91

[By reporter Chen Maodi (7115 3029 1717)]

[Text] Beijing, 22 Feb (XINHUA)—President Yang Shangkun visited the revolutionary martyrs cemetery in Shanghai Municipality and laid a flower basket at the revolutionary martyrs monument there today.

A ribbon on the basket was inscribed with the words: Eternal Glory to the Revolutionary Martyrs!

The martyrs cemetery in Shanghai is filled with a solemn silence amid green pine trees. It is the final resting place of some 1,100 revolutionary martyrs, as well as of the ashes of some 500 revolutionary martyrs, who gave their lives for Chinese people's revolutionary cause and socialist construction.

At a little past 1500, President Yang Shangkun, accompanied by Shanghai Mayor Zhu Rongji and others, walked slowly up to the revolutionary martyrs monument and laid a flower basket there.

Then President Yang Shangkun visited the tombs of revolutionary martyrs. He successively placed flowers at the tombs of revolutionary martyrs Gu Zhenghong, Qian Yishi, Su Zhaozheng, Yang Xianjiang, Zhang Xiyuan, Ruo Shi, Hu Yepin, Lin Yunan, Li Qiushi, He Mengxiong, Li Bai, Zou Taofen, Li Gongpu and Sun Bingwen, who fought side by side with President Yang and gave their lives during various revolutionary periods.

President Yang Shangkun also visited the Shanghai Revolutionary Martyrs Museum. With profound feeling, he cherished the memory of those revolutionary martyrs who gave their lives for the Chinese people's revolutionary cause and national construction.

President Yang Shangkun said: It is very important to build cemeteries and museums to revolutionary martyrs. They are major projects of educational significance to future generations. Without them, many people would know nothing about how the socialist state power was won. He hoped that the revolutionary martyrs cemetery and museum will be managed in an even better way and become important places for educating youngsters.

Qiao Shi Views Public Security, Social Stability

HK2302070091 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 6, 11 Feb 91 pp 4-6

[Report by staff reporter Zou Aiguo (6760 1947 0948) and Zhang Yijun (1728 4135 0193): "Strengthen Public Security, Procuratorial, and Judicial Work, Maintain Social Stability: Qiao Shi and Ren Jianxin Answer Our Reporters' Questions"]

[Text] The Central Commission of Political Science and Law convened a national work conference for the comprehensive management of public order from 15 to 21 January in Yantai City, Shandong Province. During the meeting, Qiao Shi, member of the Standing Committee of the Political Bureau of the CPC Central Committee and secretary of the Central Commission of Political Science and Law, and Ren Jianxin, deputy secretary of the Central Commission of Political Science and Law, answered our reporters' questions on how to strengthen public security, procuratorial, and judicial work and maintain social stability.

Basic Line of Thought and Principal Task of Public Security, Procuratorial, and Judicial Work in 1991

China scored great successes in public security, procuratorial, and judicial work in 1990. What new plans and concepts does it have for this work in the new year? With reference to this question, Qiao Shi and Ren Jianxin said: The basic line of thought for this year's public security, procuratorial, and judicial work is to conscientiously implement the spirit of the Seventh Plenum of the 13th CPC Central Committee, unswervingly uphold the party's basic line, serve reform, opening up, and economic construction, firmly uphold the people's democratic dictatorship, strictly distinguish between and correctly handle the two different types of contradictions, continue doing our utmost to maintain social stability and, while persistently cracking down hard on criminal activities, bring along all endeavors of public security, procuratorial, and judicial work with the stress on comprehensive management of public order, and create a favorable social environment for modernization drive, reform, and opening up.

In the view of Qiao Shi and Ren Jianxin, a basic condition for implementing the spirit of the Seventh Plenum of the 13th CPC Central Committee, fulfilling the Eighth Five-Year Plan and the 10-year program, and realizing our second-phase strategic objectives is to have a political situation characterized by stability and unity and to maintain social stability. Without stability, nothing will be accomplished. This is an extremely important basic experience gained in our country's socialist construction. Public security, procuratorial, and judicial departments occupy an especially important position and shoulder a very strenuous task in maintaining stability. The principal task of public security, procuratorial, and judicial work this year is to focus on the comprehensive management of public order closely around the party's basic line and, while conscientiously ensuring the people's democratic and other rights, continue to severely and promptly crack down hard on serious criminal offenders according to the law, severely punish serious economic offenders according to the law, resolutely wipe out the "six vices," and further rectify social order; at the same time, continuously strengthen the ranks of public security, procuratorial, and judicial personnel, rectify unhealthy tendencies in various trades, as well as violations of law and discipline, and forge closer ties between public security, procuratorial, and judicial workers and the masses of the people.

Comprehensive Management is a Fundamental Way To Solve Public Order Problems

Presently, the mainland is still facing a very grim situation in public order. How should we satisfactorily solve public order problems, which have a bearing on social stability and development? Qiao Shi and Ren Jianxin said to these reporters: According to experience gained over the years, a fundamental way to solve public order problems is to proceed from our country's national conditions, uphold the principle of integrating special work with the mass line and, under the leadership of party committees and governments at all levels, mobilize forces from all sectors of society to grasp and manage the work together, and employ political, economic, administrative, legal, cultural, and educational, and many other means to carry out comprehensive management. This is a method aimed at effecting a permanent cure and represents a new approach with Chinese characteristics—namely, extensively relying on the masses to solve public order problems.

What problems should we pay attention to in comprehensively managing public order? Qiao Shi and Ren Jianxin gave an overall exposition. In their view, conducting comprehensive management of public order is the task of all of society. First, it calls on party committees at all levels to attach great importance to this work and make it an important item on the agendas of party and government work. Party committees and governments should organize and coordinate active participation by all departments and units, which should work in close coordination and conscientiously grasp this work. Experience over the past 10 years fully proves that

whenever we did so, we attained marked achievements in comprehensive management, with improved public order and low incidence of cases. Conversely, whenever we remained at the level of issuing ordinary slogans, we would be unable to carry out thoroughgoing work and attain appropriate results.

Second, a link in making a success of comprehensive management is grasping work well at the grass-roots units. The key to grass-roots work is to strengthen the building of primary party organizations, especially the building of leading bodies. If primary party organizations are built satisfactorily and serve as fighting forces leading the masses in carrying out production and construction and getting rich through honest labor, the work of comprehensive management can be carried out according to local conditions under the leadership of party organizations. Only when we, under the leadership of primary party organizations, strengthen ideological and political work and the building of spiritual civilization, forge close ties with the masses, and solve problems among the masses at any time can we genuinely solve problems in the embryonic stage and at the grass-roots level.

Third, it is necessary to uphold comprehensive management on a long-term basis. Because comprehensive management involves all endeavors of work of the party, government, Army, people, and society, it cannot be achieved overnight. We must realistically proceed from the realities in our localities and units and apply the advanced experience already gained to exercise comprehensive management well.

Cracking Down on Economic Crimes Coincides With Support for Reform and Opening Up; "Crackdown" Is Still a Primary Link in Comprehensive Management

Since 1983, the mainland has adopted some measures, including the "crackdown" struggle launched last year. This has played an important role in maintaining social stability and curbing a drastic rise in serious economic and criminal offenses. Now that we stress the comprehensive management of public order, does this mean that we shall relax the "crackdown" struggle? Qiao Shi and Ren Jianxin emphasized that stressing comprehensive management of public order does not in any way mean the relaxation of a "crackdown" struggle and that we should never waver in adopting the policy of severely and promptly punishing serious criminal offenders according to the law.

In the view of Qiao Shi and Ren Jianxin, if we do not crack down hard on serious criminal activities or resolutely suppress the "six vices" and other ugly social phenomena, it will be impossible to maintain normal production, work, and social order, to ensure state construction and the security of people's life and property, and to improve the general mood of society. Under such circumstances, it will be difficult for other measures of comprehensive management to play their proper roles. In this sense, without launching a "crackdown," comprehensive management and hence social stability will

be out of the question. Therefore, "crackdowns" occupy a primary position in the comprehensive management of public order.

Qiao Shi and Ren Jianxin said further that, since the reform and opening up, some people have, in the course of establishing and improving a new planned commodity economic structure, taken advantage of the reform and opening up to unscrupulously rake in exorbitant profit and carry out such criminal activities as corruption, bribe-taking, profiteering, and smuggling. These criminal activities have seriously disrupted reform and opening up and sabotaged economic construction. If they are allowed to spread, the consequences will be unimaginable. Therefore, it is imperative to crack down hard according to the law. Otherwise, it will be impossible to smoothly conduct economic construction, reform, and opening up.

Some people at home and abroad hold that the mainland's crackdown on economic crime represents a negation of reform. Qiao Shi and Ren Jianxin consider this view as totally erroneous. They stressed: Cracking down on economic crimes coincides with support for reform and opening up. In the period of great changes from a closed to an open economy, some new problems will inevitably occur. They can only be resolved by continuously deepening the reform and improving the legal system. It is impossible to return to the previous closed situation. Our basic point of departure in cracking down on serious economic crimes is precisely aimed at ensuring the smooth progress of economic construction, reform, and opening up.

Cracking down hard on serious economic crimes is necessary for strictly administering the party, strengthening the building of clean and honest government, forging close ties with the masses, and maintaining social stability under the condition of carrying out reform and opening up and developing a socialist planned commodity economy. We have scored remarkable successes in launching the struggle against economic crimes in recent years. By overcoming numerous difficulties and removing various obstructions, the vast numbers of public security policemen have investigated an increasing number of big and important cases year after year. Supervision, discipline, procuratorial, industrial and commercial administrative management, customs and other departments have also done a lot of work. Qiao Shi and Ren Jianxin pointed out that, to further deepen the struggle against economic crimes, it is necessary to stress the following points:

—Cracking down hard on serious economic crimes is a common task of the public security, procuratorial, and public security departments and relevant law-enforcement departments. We should keep on upholding the policy of meting out severe punishment according to the law, be strict in enforcing the law, and crack down hard.

We should insist that all people are equal before the law and should not handle cases involving the granting of favor. Leaders should take a personal interest in big and important cases, organize forces, and investigate them through to the end by removing all obstacles and interference. We should mete out stern punishment according to the law and on no account should we tolerate and abet evils. Party committees and governments should lend support to public security, procuratorial, and judicial departments and relevant law-enforcement departments.

—Persist in integrating special work with the mass line and, while stepping up the building of special organs and raising their capabilities to investigate and crack cases, appropriately conduct publicity and issue some reports to show the determination of the party and the government to punish corruption and step up the building of clean and honest government, and further mobilize the vast numbers of cadres and people in struggling against economic crimes.

—Pay attention to handling the demarcation lines in applying a policy. We should uphold the principle of "being resolute, prudent, and accurate," draw clean lines of demarcation between crimes and noncrimes, between crimes and violations of the law, and between crimes and violations of party and administrative disciplines, and strictly apply the law and policies, alternating severe with lenient punishments.

—Combine crackdown on economic crimes with improvement of work. In the course of handling cases, public security, procuratorial, and judicial departments should pay attention to spotting loopholes in economic exchanges and management systems, promptly report to relevant departments or units, and make proposals to exercise comprehensive management. Meanwhile, we should penetratingly study the new conditions and features of economic crimes, constantly amplify economic legislation, and improve management systems.

Elimination of "Six Vices" Will Be Continued

The "six vices" corrode people's souls, poison society, bring out crimes, and endanger the multiplication and growth of all nationalities. No localities should treat this issue lightly at any time. Recently, the "six vices" have surfaced to some extent in some places, especially the resurgence of "pornography" and drugs. We should attach great importance to this. Taken the country as a whole, the work of wiping out the "six vices" should be consistently grasped and not relaxed in the slightest degree. All localities should, in line with practical conditions, comprehensively employ various effective means to stress the main points and crack down hard. We should concentrate on eradicating whichever "vice" is serious.

Prostitution and visiting prostitutes should never be regarded as an ordinary issue of public order. We should adopt effective measures and wipe it out resolutely. Procuresses, unlicensed prostitutes, and whore-visitors

who remain incorrigible after repeated education should be severely punished. Those suffering from venereal diseases should be forced to receive medical treatment and education until they are completely healed and correct their bad habits. On no account should we let these "plagues" continue to spread unchecked and harm the people.

As for banning drugs, the National People's Congress [NPC] Standing Committee made a decision before the turn of the year, which fully shows the determination of the party and state to ban drugs. Under no circumstances should the drug-taking phenomenon, which has been wiped out, be allowed to spread again. It is necessary to take immediate action, firmly carry out the decision of the NPC Standing Committee, and make great efforts to launch the antidrug struggle in a resolute, thorough, and sustained way. First, the supply of drugs should be cut off. Port inspection and prosecution should be stepped up to block up the channels and prevent drugs from spreading into the interior. It is necessary to build up antidrug forces, improve their equipment, and raise their inspection and prosecution capabilities to suit the need of struggle. Where the problem is serious, we should, as we did in launching the antidrug campaign in the early post-liberation days, extensively mobilize the masses, launch a large-scale campaign to crack down on, inspect, and ban drug-trafficking activities and strive to attain practical results. Serious criminal offenders who smuggle, peddle, transport, and produce drugs and who induce or abet other people to take drugs should be severely punished according to the law and resolutely put them to death where necessary. On no account should we treat them leniently. Even in places where drug crimes are still not serious, we should also heighten our vigilance and keep a sharp lookout. Once discovered, they should be firmly suppressed and punished. Under no circumstances should they be allowed to develop.

Make Further Efforts To Build Up the Ranks of Public Security, Procuratorial, and Judicial Personnel

Talking about the ranks of public security, procuratorial, and judicial personnel, Qiao Shi and Ren Jianxin said: Taken as a whole, they are good, have withstood the tests, and are totally reliable. Most of the comrades in these ranks are honest in performing their official duties, work hard, have the spirit of dedication, do their utmost to serve the people and the socialist cause, and have made their own contributions in maintaining public order and social stability. Qiao Shi and Ren Jianxin also pointed out, however, that while fully affirming the principal aspect of the ranks, we should also have a sober understanding and an ample estimate of the existing problems.

In their view, an urgent task in the current efforts to build up the ranks of public security, procuratorial, and judicial personnel is to investigate and deal with violations of the law and discipline and rectify unhealthy tendencies in this profession. It is necessary to closely integrate this work with implementation of the decision of the Seventh Plenum of the 13th CPC Central Committee and the work to

strengthen the building of clean and honest government. A small number of units with serious problems should devote a certain period of time to consolidate themselves. We should extensively step up education in Marxist theory and in education against infiltration, subversion, and "peaceful evolution" among the vast numbers of public security personnel, step up education in wholehearted service to the people, in professional ethics, and in observation of the law and discipline, conscientiously strengthen discipline, and rectify ideological style. The fine tradition of people's police loving the people should be carried forward and efforts should be made to do more good turns for the people. At the same time, it is necessary to establish and amplify relevant internal systems, develop mechanisms of supervision, restriction, and encouragement, reward the advanced, and encourage healthy trends; those violating the law and discipline should be seriously dealt with and brought to justice where necessary. Those tolerating, accommodating, and shielding violations of the law should also be punished according to the law or discipline.

To further improve the political and professional quality of public security, procuratorial, and judicial personnel, it is imperative to step up the building of leading bodies at all levels in terms of ideology, organization, and work style. Meanwhile, regular training of the ranks should be stepped up. The roles of political science and law management cadre institutes and other institutions should be brought into full play and the methods of training may be diversified. Regarding most public security police, we may adopt the method of running short-term training classes to give them political and professional training group by group at different times, holding these classes several times a year, with each lasting several months. Training should be conducted in a strict and planned way and gradually institutionalized. In short, efforts should be made in various ways to further improve the conditions of public security, procuratorial, and judicial personnel, raise their quality, and maintain close ties between the police and the people so that these ranks of ours can more satisfactorily become ones feared by the enemy and loved by the people and a powerful tool for strengthening the people's democratic dictatorship.

Qiao Shi and Ren Jianxin also stressed the need to further strengthen the party's leadership over political work. They said: In recent years, party committees and governments at all levels have strengthened their leadership over public security, procuratorial, and judicial work in varying degrees. This is a principal reason for our achievements in political work. Given the complicated international and domestic struggle, the tasks of the public security, procuratorial, and judicial departments are more strenuous, which makes it necessary for party committees and governments at all levels to further strengthen leadership over public security, procuratorial, and judicial work in terms of politics, ideology, principle, policy, and organizational building, more satisfactorily supervise and support these departments in strictly implementing the Constitution, laws, and statutes. It is necessary to show enthusiastic concern for these ranks

politically and in work and life, help them solve practical difficulties, and remove their fear of disturbance in the rear. Meanwhile, further efforts should be made to replenish the police force, improve their equipment, ensure the money needed to handle cases, and increase the combat effectiveness of the public security, procuratorial, and judicial departments so that they can better apply legal means to serve economic construction, reform, and opening up. This year, the responsible comrades of the party committees in all provinces, autonomous regions, and municipalities in charge of public security, procuratorial, and judicial work should set aside some energy to conduct serious investigation and study, and the relevant departments are encouraged to give necessary support in terms of manpower and financial and material resources. When conducting investigation and study, we should organize our forces well by fixing personnel and topics for study. Research institutes and practical work departments should work in close coordination and give full play to their own advantages. Leading cadres of public security, procuratorial, and judicial departments should take a personal interest in this work and directly join in investigation and study.

Nuclear Families Replacing Traditional Families

OW2302050091 Beijing XINHUA Domestic Service
in Chinese 2113 GMT 21 Feb 91

[By reporters Cao Yongan (2580 3057 1344), Feng Yingbing (7458 3841 0393)]

[Excerpt] [passage omitted] The concept of having several generations living together under one roof is being abandoned by more and more Chinese. Instead, the trend for a reduction in family size is becoming more noticeable. Nuclear families, which consist of a single couple and their unmarried children, have become the principal model of Chinese families, particularly in the urban areas.

Results of the fourth national census show that the average family size at present is 3.96 persons, down by 0.45 person from 1982. Data from 14 provinces and cities, including Shandong, Shanghai, Guangxi, Sichuan, and Harbin, indicate that nuclear families account for 73.3 percent of all families; trunk families with two or more generations, a single couple for each generation, account for 17 percent; while combined families, with at least two couples of the same generation, account for only 1.6 percent. In contrast, the ratio of nuclear families in the above-mentioned provinces and cities was 65.4 percent 10 years ago and 30 percent 50 years ago. [passage omitted]

Veteran Diplomat Zhang Wenjin Dies in Beijing

OW2202141491 Beijing XINHUA in English
1322 GMT 22 Feb 91

[Text] Beijing, February 22 (XINHUA)—Zhang Wenjin, one of China's most experienced diplomats, died of illness at the age of 76 last Monday in Beijing.

Zhang was vice-chairman of the Foreign Affairs Commission of the Standing Committee of the National People's Congress.

Zhang was born in Zhejiang Province in 1914. In 1927 he went to study in Berlin, Germany. He started his revolutionary work in 1929 when he joined the German Communist Youth League and the Chinese-language group of the German Communist Party.

He joined the Chinese Communist Party in 1938 and served as interpreter for party leaders Mao Zedong and Zhou Enlai.

After the founding of New China, Zhang worked as department director of the Foreign Affairs Ministry and deputy foreign minister. He also served at different times as ambassador to Pakistan, Canada and the United States, and attended several international conferences as Chinese delegate.

Zhang made great contributions to the implementation of China's foreign policy and to the development of Sino-foreign relations.

In 1986 he started his work of non-governmental diplomacy when he became president of the Chinese People's Association for Friendship With Foreign Countries, in which post he made important contributions to the promotion of understanding and friendship between the Chinese people and the people of the rest of the world.

Military

Article Views Managing Army According to Law

HK2502110991 Beijing JIEFANGJUN BAO in Chinese
4 Feb 91 p 3

[Article by Tu Men (0956 7024), Law Society Council member and Beijing Military Law Society president: "Objectives and Tasks of Managing the Army According to the Law"]

[Text] Managing the Army according to the law is an important guiding idea of the Central Military Commission during the new historical stage. According to explanations of the commission's leading comrades on several occasions, my understanding of the goal of managing the Army according to the law is: To establish a complete and perfect military legal system with Chinese and Chinese army characteristics so that all aspects in defense and army building and all links in war preparations, training, work, and life may have a law to abide by; while handling affairs strictly according to the law when such a law exists; being strict with executing the law; affixing responsibility to those violating the law; and being strict and fair in meting out rewards and punishments; with a legal mechanism promoting and ensuring army building and reform full of vitality taking shape to guarantee the smooth progress of defense modernization and building a revolutionized, modern, and regular army.

To realize this goal, work in the follow aspects is involved:

First, it is necessary to propagate extensively and in depth the importance of building the military legal system so that the concept of managing the Army according to the law may strike root in people's minds, while converting the concept to an organic component of all work. Because of multifactor effects, many people lack sufficient understanding of the importance of building the military legal system. This is expressed in: Attaching importance only to red-titled documents but not laws and decrees; being accustomed to using administrative means but unable or unwilling to resort to legal means to settle issues; the existence, to various degrees, of the phenomenon of substituting the law with one's authority or words, and even believing that work concerning the legal system is dispensable and insignificant. All this has precisely testified to the need to further augment education in the legal system, especially the sense of the legal system among leading cadres at all levels. Legal system courses have been universally opened in military academies and institutes over the past two years, while training on this special topic has been provided for leading cadres in many units, with initial results. Our task from now on is to make this work constant and professionalized as a system, and to make it an organic component in the systematic engineering of building the military legal system.

Second, it is necessary to accelerate work in military legislation, to complete formulation of major military laws and decrees within five years to provide basic legal grounds for managing the Army according to the law. Through 10 years of efforts, the situation by which many aspects in military work were void of a law to abide by has undergone changes, with the speed and quantity of military legislation far exceeding those in the previous 30 years. Compared with the objective needs and the progress of China's entire legal-system building, however, the present conditions of military legislation are not satisfactory. First, many military laws, decrees, rules, and regulations that need and must be formulated have not been presented; second, the quality of existing decrees is not good enough, and the dovetailing and harmony between decrees are not satisfactorily resolved pending the shaping of a scientific and unified system; third, the military legislative system is incomplete and imperfect, with its functions, organs, and personnel incompatible with work requirements, lacking the capabilities for studying and drafting some important decrees; and fourth, the theoretical preparations for military legislation are not sufficient, lacking ample demonstrations and theoretical grounds in resolving complicated issues in legislation, while there is a certain blindness, doing things in a crash program. All this has affected military legislative work and must be improved as quickly as possible.

Third, it is imperative to augment building the military law enforcement, judicial, and supervision and examination systems in a great way to improve the military

law's practical effects in a down-to-earth way to shape a sound atmosphere of handling affairs strictly according to the law. The law's vitality lies in its practical effects. If a law is formulated without a firm will to exercise it, the law will lose its meaning, while the legal system's dignity will be seriously jeopardized, resulting in strong negative effects to the entire work of building the legal system. In the near-future tasks of building China's military legal system, it is necessary to further augment building the military law enforcement, judicial, and supervision and examination systems to genuinely give play to the military legal system's role in promoting and ensuring defense and army building. Presently, it is necessary to grasp, as best and fast as we can, work in the following: 1) To augment the sense of law enforcement among leading cadres at all levels and to elevate their consciousness in law enforcement. 2) To firmly grasp demonstrating the establishment, functions, and division of labor of military law enforcement organs to complete and perfect the military law enforcement system. 3) To complete and perfect the existing military judicial system through formulating organizational regulations of the military tribunal and procuratorate. And, 4) To unfold work in supervising and examining military law enforcement, making such work constant as a system to ensure the efficient and down-to-earth implementation of every military law and decree.

And fourth, it is necessary to augment theoretical research in the military legal system. Because of a late start and a weak foundation in military law science, work in this field is lagging behind other departments' law science, and is incompatible with the actual needs of military legal system work. Quite a few important legal issues in many aspects of defense and army building are waiting for scientific answers from the theoretical plane of law science. At the same time, under the situation of reform and opening up, some new conditions and problems have surfaced in defense and army building, pressing for guidance from military law science. We should push forward the completion and perfection of military law through prosperity and progress of the military law science.

Military-Civilian Industry Integration Examined

*HK2502103591 Beijing JIEFANGJUN BAO in Chinese
30 Jan 91 p 3*

[Article by Wang Luye (3769 6424 8763): "Military-Civilian Integration Is a Major Development of Defense Economics"]

[Text] In 1978, Comrade Deng Xiaoping forwarded a strategically significant idea: The defense industry should follow the road of military-civil integration. Since then, this idea has been constantly enriched and perfected in practice and become a guiding principle, expressed as "military-civil integration, peacetime-warfare integration, priority to production of military goods, and maintaining the war industry with profits from civil-purpose production," for the strategic transformation of the science and technology industry for

national defense. Comrade Deng Xiaoping's idea is a major development of Marxist defense economics under the new circumstances.

The interrelationship between economy and defense has always been the most important subject in the studies of defense economics. To construct a fine relationship between the national economy and the building of the national defense is also one of the goals that are assiduously sought in defense economics. Under contemporary conditions, especially with the development of the new revolution in science and technology centering around microelectronic technology, the type of competition among countries has transformed from solely emphasizing the trial of military strength of the past to a contest of comprehensive national strength including economic, scientific and technological, political, and military strengths. In such competitions, on the one hand, the importance of economic strength and advancement of science and technology is mounting daily; on the other hand, the danger of war still exists, and safeguarding the country's security brooks no slackening in the slightest. Therefore, adequate production capacity for military goods must be retained. After the 11th CPC Central Committee's Third Plenum, our party, on the basis of Comrade Deng Xiaoping's "military-civil integration" idea, gradually formed the principle of "military-civil integration, peacetime-wartime integration, priority to production of military goods, and maintaining the war industry with profits from civil-purpose production." This principle has been forwarded to meet the needs of this new situation and points out the basic direction and way of thinking for reaching the goal of establishing a fine relationship between the national economy and building of national defense.

First, "military-civil integration" and "peacetime-wartime integration," defining how the national defense industry should be integrated with civil-purpose industry and technology, are the general strategic requirement. By implementing this requirement conscientiously, we can thoroughly solve the problem of one enterprise having "two labels"—that is, military and civil, and strive to accomplish the national defense industry goal of both effectively safeguarding the country's security and serving the building of the national economy. In peacetime, the science and technology industry for national defense should become a new force in the country's economic construction and, in wartime, a strong material base for war. This means that the science and technology industry for national defense must be made very adaptable and equipped both for wartime and peacetime, both for military and civil purposes.

Second, "priority to production of military goods" and "maintaining the war industry with the profits from civil-purpose production" define the dialectical relationship between the guarantee of military-purpose production and the transfer of war industry to civil-purpose industry. On the one hand, the production of military goods is the national defense industry's fundamental task. In the course of military-civil integration and

military-civil transfer, guaranteeing the accomplishments of research and production tasks for military goods is an indispensable precondition for the science and technology industry for national defense. On the other hand, the war industry's production capacity can be used to develop the production of civil goods, adding to the country's wealth. When the country's economy becomes strong, it provides a firm basis for developing national defense. Besides, developing the production of civil goods also helps war industry enterprises accumulate funds, strengthens the war industry enterprises' vitality, and stabilizes the contingents of staff and workers. More importantly, in modern days, the border between military-use and civil-use high technology is becoming more and more fuzzy. By developing and producing high- and new-technology civil goods, war industry enterprises can preserve the technical advancement of national defense industry on an overall scale, increase technical reserve, and strengthen the latent power for use in times of war.

For over 10 years, since the reform and opening up started, our country's science and technology industry for national defense has achieved tremendous success in military-civil integration. In line with the requirements of military-civil integration, the readjustment of the industrial structure and product mix has been conducted in the science and technology industry for national defense under the guidance of the state industrial policy. All together, hundreds of civil-goods production lines have been built in the war industry departments, and tens of thousands of civil goods in scores of categories have been developed. The war industry enterprises researched and produced such equipment and products as civil-use airplanes, ships, cars, and generators. Among other things, the 300,000-kilowatt Qinshan nuclear power station, researched and built by our country and mainly developed by war-industry departments, will start generating electric power this year. Much high-technology technical equipment and apparatuses have been studied and produced in the past 10 years and more. There has been a breakthrough in the transfer of war industry technology to civil-use technology: Many high-technology achievements for defense purposes have started to be applied directly to economic construction, which plays a guiding and catalytic role in commercializing technical achievements, developing the domestic technical market, and promoting technical exports. The various forms of integration and cooperation between the war industry and civil enterprises have become more and more active, bringing the war industry closer to the local economy and contributing to the local economy's invigoration. All this shows that the idea of military-civil integration is in line with our country's national conditions. Looking into the future, in light of the theory and practice in the past 10 years, one will definitely see even brighter prospects for our country's military-civil integration, as long as we continue to resolutely use this idea to guide the strategic transfer of the science and technology industry for national defense.

Yang Shangkun Inscribes Book on 8th Route Army*OW2202103691 Beijing XINHUA Domestic Service
in Chinese 2106 GMT 21 Feb 91*

[From the "Cultural News Briefs"]

[Excerpt] Beijing, 22 Feb (XINHUA)—A book entitled *The Headquarters of the Eighth Route Army in Matian* was published by the Shanxi People's Publishing House recently. President Yang Shangkun wrote an inscription for the book which reads: "Carry on the fine traditions of old revolutionary areas."

The 358,000-word, voluminous book contains more than 70 articles, including the works of the old generation of proletarian revolutionaries, such as Zhou Enlai, Zhu De, Deng Xiaoping, Yang Shangkun, Liu Bochong, Xu Xiangqian, Nie Rongzhen, Chen Yi, and Luo Ruiqing, as well as documents, stories, essays, and poems collated in recent years. Many of the articles were published for the first time. [passage omitted]

Economic & Agricultural**Commentator Discusses Solution to Fund Shortages***HK2502120191 Beijing GUANGMING RIBAO
in Chinese 12 Jan 91 p 3*

[Article by Zhu Mingchun (2612 2494 2504): "Correctly Handle the Relationship Between Concentration of Financial Resources and Structural Improvement"]

[Text] As the state has gotten into financial difficulties for several years running, the need to "appropriately concentrate financial resources" and to "increase the proportion of state financial revenues in the national income and increase the proportion of state revenues controlled by the central government" has received increasingly extensive attention. In fact, state financial revenues have increased fairly rapidly over the last few years. The growth rate of state financial revenues in the Sixth Five-Year Plan period averaged 11.5 percent, only a little lower than in the three-year readjustment period; and the first four years in the Seventh Five-Year Plan period saw an average growth rate of 8.7 percent, only lower than the First Five-Year Plan and the three-year readjustment periods. Therefore, a low proportion of state financial revenues in the national income and a low proportion of state revenues controlled by the central government constitute the objective causes for the financial difficulties despite relative diversion of financial resources; however, the crux of the financial difficulties lies in the system. It is for this reason, I believe, that the relations between appropriate concentration of financial resources and economic restructuring should be properly handled at present and for some time to come.

First of all, we should be clearly aware of the correlation between power over routine matters and power over finance where the economic system is concerned. Viewed as a whole, the scope of the state's financial

functions and powers must be clearly defined. For instance, given the national economy's current development, what financial mission should the state assume? How many sectors should it give financial support to? Should it increase or decrease the revenues on its agenda? Should the two proportions be raised? And, on what logic premise should the two proportions be raised? Over the last few years, the state has provided less money for project construction. However, in 1989, money provided for capital construction accounted for 20 percent of the state's total financial expenditure and about 40 percent of society-wide investment in capital construction. There should be a reasonable limit for the expenditure for capital construction. As seen from the relations between the central and local authorities, power over routine matters should be in accord with power over finance. It is necessary to correctly define the scope of revenues and expenditures so that the central and local authorities will rationally share the financial burden. For instance, the local authorities should also contribute to the construction of basic industries.

Second, we should ensure the true implementation of the principle of keeping balance between income and expenditure through setting up a sound system. Both insufficient income and excessive expenditures are to blame for the current financial difficulties. Statistics show that, over the last few years, there has been a rapid increase in financial subsidies and in the expenditures for administration. For instance, financial subsidies have made up one-third of the gross financial expenditure, causing a heavy burden for the state. Therefore, it is necessary to put the budget law into effect as soon as possible and implement a multiple budget system so as to tighten control over improper financial expenditures.

During the Eighth Five-Year Plan period, we shall basically follow two principles in financial restructuring. One, carry out a standardized reform to rationalize economic relations; two, appropriately concentrate financial resources and raise the two proportions. The reform scheme varies with different ideological guidances. Separation of taxes and profits and a system of tax distribution can be regarded as theoretically mature principles for standardized reform. They should become our firm guidelines in financial restructuring from a long-term point of view. Nevertheless, given the current abnormal economic system as a whole, it is doubtful what results would come from standardized financial restructuring, if we only concentrate on such a single reform.

As a matter of fact, influenced and restricted by many factors, we can only experiment with separation of taxes and profits and with the tax-sharing system at selected places, rather than on a wide scale, for the time being. Under the circumstances, we should overcome our financial difficulties by increasing income and cutting down expenses and in other ways. At the same time, we should be aware that the crux of financial problems lies in the system. The related immediate measures should be integrated with continued structural reform for the main purpose of rationalizing economic relations. In my opinion, the following measures warrant consideration.

1. Strictly enforce the collection and control of taxes and stop tax evasion to increase financial revenues by tapping inherent potential. Given the poor economic efficiency of many enterprises, it is undesirable to levy new kinds of taxes or carry out new regulations, but it is a matter of course to strictly enforce the collection of various existing taxes. In fact it is not a small amount. It is estimated that over 60 percent of state-owned enterprises have evaded taxes, as have 80 percent of other types of enterprises, to which can be added arbitrary tax reductions and exemptions. Again, we have just begun to collect personal income tax and many problems are bound to crop up. All this is out of tune with the pattern of distribution of the national income. Therefore, we must strictly enforce the collection and control of the various taxes to diminish financial difficulties. At present, we should strengthen the nationwide examination of accounting and taxation matters, which is conducted once a year, but greater efforts should be made to gradually improve supervision over finance, taxation, auditing, and statistics.

2. Seize the current opportunity and make determined efforts to readjust and reform the pricing system, cut the subsidies on prices and on losses of enterprises. Financial subsidy has constituted a great burden for our financial departments. These huge financial subsidies have not only added to our financial difficulties, but also distorted the role played by the price mechanism, harming the efficiency of economic operation. This problem must be solved as soon as possible. Bumper harvests have been gathered over the last few years and we have an ample stock of farm produce and sideline products now. The basic industries and the processing industry are more suited to each other with the economy growing comparatively slowly. The strain caused by total demand outstripping total supply is easing. If we can seize this opportunity to resolutely carry out readjustment and reform and provide the market with improved guidance, we will be able to survive the risk brought about by price reform. Naturally, we can carry out the reform in a progressive manner where necessary. For instance, we can readjust the supply of basic products covered by the state plan.

3. Improve guidance for the use of funds outside the state plan. From the prospective of the national economy as a whole, if we wisely use funds outside the state plan and improve efficiency, state finances will be strengthened. Presently, what attitude we adopt toward the "foundations system" will highlight our guidance for funds outside the state plan. The "foundations system" is designed to allot revenues, which formerly went to the state treasury, to a certain trade or project so that funds for the trade or project will be used as designated, thus changing the cyclic channel of funds. This practice will play a positive role in guaranteeing the construction of the state's key projects and arousing the enthusiasm of various trades. The deficiency is that such a practice will divert the state's construction funds. That is, the funds are concentrated where a certain trade or project is concerned, but they are dispersed from

the financial department's point of view and when the sequence [shi xu 2514 1645] is taken into account. I believe we can improve the existing foundations system and the financial department's supervision over and management of these foundations [funds for specific purposes]. Again, the financial department should be authorized to make an overall plan for and readjustment of the sequence so that we can make flexible use of foundations, which have different construction cycles and different scopes to which they are applied, in the process of their accumulation.

4. Strengthen the role of banking departments as the intermediary, rationally absorb foreign funds, and reduce the financial department's burden to invest in construction. With the change in the national income's distribution pattern, the state financial departments have become the ones responsible for "providing food." Given such a condition, we can only fulfill the task of accumulating funds in the interest of the national economy's development by strengthening the banking department's role as the intermediary to effectively draw residents' and enterprises' funds into economic construction. We should see to it that the banking and financial departments share the work and cooperate with each other properly. In particular, efforts should be made to improve the banking department's capability to obtain long-term financing, to increase the proportions of fixed deposits and bonds in residents' financial assets, and to prevent the bank's "short-term loans from being invested in long-term fixed assets." In addition, we can reduce the financial department's burden related to investment in construction by appropriately absorbing foreign capital. It is all the more necessary to absorb capital from Taiwan and South Korea at the present.

5. Continue to set the market in motion, reduce the amount of circulating funds used by enterprises, raise the enterprises' economic efficiency, and increase financial income. As a result of the prolonged sluggish market, excessive stockpiles of products and manufactured goods, and delayed debt repayment between enterprises, the circulating funds used by enterprises have greatly gone beyond the normal limit and increased loans are likely to bring about a formidable stagflation. Therefore, rationalizing the cyclic channel of funds instead of increasing capital input should be regarded as the most desirable means for solving the fund shortage problem. To this end we must step up our efforts to readjust the industrial composition to create favorable conditions for enlivening the sluggish market as soon as possible. At the same time, we should vigorously guide consumption and continually break debt chains between enterprises.

'Pen Talk' Views Market Situation, Supply

HK2402083091 Beijing RENMIN RIBAO in Chinese
13 Feb 91 p 5

["Pen talk" under the heading "Only Socialism Can Develop China" by Xu Yi (6079 3015): "Economic Improvement and Rectification Yields Results; Market Trends Are Becoming Normal"]

[Text] The Seventh Plenum of the 13th CPC Central Committee made a high appraisal of the marked achievements in various fields since the Fourth Plenum of the 13th CPC Central Committee. This is correct and corresponds with the actual situation. Now I would like to talk about the economic situation from the three angles of investment, commodity price, and market. Basic points to judge the economic situation are whether the scale of investments in fixed assets is under control, whether inflation is stopped, and whether the people's lives have improved.

The present situation is good. In the first place, the scale of investments in fixed assets is under control. The annual investment volume dropped from 450 billion yuan in 1988 to 400 billion yuan in 1989, a decrease of 50 billion yuan. This resulted from the implementation of a "double retrenchment policy" in the financial and monetary fields. Because the scale of investments in fixed assets was put under control, inflation was also controlled, with better results than expected. Originally, we wished to push the inflation rate below double digits on the basis of the price index in February 1989, which stood at 27.9 percent. Unexpectedly, commodity prices rose only by 2 percent in 1990. As I see it, this was the result of improving and rectifying the economy and a manifestation of the superiority of the socialist system. Of course, in the course of controlling inflation, we should also make efforts to improve the people's lives. Therefore, when appraising the achievements in economic rectification, we should also judge whether there are improvements in the people's income and consumption.

In my opinion, the people's lives continued to improve in the course of economic rectification. In 1990, although some enterprises stopped production, the general level of staff members' and workers' wages increased by 13 percent and peasants' income also rose by 3 percent. The increases in the urban and rural people's income can also be judged from the increases in their deposits. Their deposits rose by 188.7 billion yuan in 1990, an increase of 45 percent over 1989. With this clear idea, let us look at the market and see whether the people's purchasing power dropped.

To judge the situation of market supply, we should analyze the supply of commodities for ordinary people's consumption. For the Chinese, food, clothing, and daily necessities are basic needs. Therefore let us view the supply of food, which consumes over 50 percent of the people's expenditure. According to statistics from January to May 1990, the sales of meat, poultry, and eggs increased by 6 to 16 percent. According to statistics on trade at urban and rural marketplaces, the prices of most of the 38 kinds of commodities listed in the statistics dropped, with the exception of price increases in eight kinds of commodities including sesame oil, eggs, live hens, dried vegetables, fresh vegetables, and ginger. Grain prices dropped by 20 percent, meat and fish by 5 percent, green chilies by 10 percent, and cucumbers by 20 percent. These figures suggest that the supply and demand for food increased and were normal. Take

clothing as another example. I visited Beijing, Shanghai, Hangzhou, Wuhan, Chengdu, Nanchang, Shenzhen, and Guangzhou and looked at high-grade consumer goods there; basically supply and demand were strong. But business was indeed slack in some places. This was due to a lack of understanding of the market situation and the people's demand for commodities, or because commodities' quality was bad their style was outdated. In particular, this was also caused by Western countries' economic sanctions, which immensely restricted China's exports. As a result, high-grade commodities such as woolen fabrics, Western-style suits, and leather shoes, for which demand had originally been weak, became even more slow-selling. But imported fabrics and ready-made clothes were quite marketable. This suggests that some commodities did not suit market needs and were in excess of demand; it does not mean that the people did not have adequate purchasing power. Let me give another example. In 1989 there were 36.47 refrigerators, 51.47 color television sets, and 17.27 cameras for every 100 families; in the first quarter of 1990 the possession rate of refrigerators increased by 24.5 percent, color television sets by 15.4 percent, and cameras by 13.8 percent. It takes a long time to update and renew durable consumer goods, but there are high increase rates in the normal demand for these goods. At the end of November, the sales of color television sets increased by 33 percent. This shows that the demand was not low. Some comrades said that a weak market was caused by an inadequate demand and an inadequate demand resulted from the "double retrenchment policy." Some comrades put it this way: The slow selling of commodities was caused by people's weak intention for shopping. These views are incomplete. There are always problems of consumer psychology, but under any circumstances, these are expressions of what people think about the existing economic situation. Negative effects may sometimes arise from these problems, but they do not constitute leading or decisive factors. The real cause of difficulties in marketing some consumer goods is the irrational industrial structure, duplicate construction, and unplanned production.

Therefore, in my opinion, taken as whole, economic rectification has yielded prominent results in the domestic market, and the people's lives have also improved. This also proves that through economic improvement and rectification, the market is developing in a normal direction. The emergence of international factors are within our expectations. As long as the capitalist system exists, these factors will arise along with the changes in the political situation, sometimes favorably and sometimes unfavorably. This is a matter of course. As long as we have a clear understanding of this problem, there is no need for astonishment.

What merits a serious analysis is the decrease in the sales of invested products [tou zi pin 2121 6327 0756]. What is the cause of this decrease? Some comrades said it was caused by the "double retrenchment policy," which cut investments in capital construction, thus giving rise to an

inadequate demand. Therefore they suggested relaxing control over this and increasing investments so as to "ignite the economy." This is worth studying. Premier Li Peng pointed out: After dropping from 450 billion yuan to 400 billion yuan, the total investment volume basically conformed with our national strength; in the meantime we also guaranteed investments in the production of energy and raw materials, the development of transportation, and housing construction. In addition, because the prices of raw materials rose, Premier Li Peng said on two occasions: The 400-billion-yuan investment in fixed assets for 1990 was calculated on the actual work required, instead of on the investment amount needed. As a matter of fact, this was exercising a relaxed policy on the projects which should be carried out, rather than a retrenchment policy. Viewed from the implementation of this policy in 1990, investments in fixed assets in the entire society amounted to approximately 450 billion yuan, an increase of 4.5 percent over the previous year calculated by deducting incomparable factors including commodities. Of this amount, enterprises under ownership by the whole people invested 292 billion yuan, an increase of 7.6 percent over the previous year; investment in the energy industry increased by 21.6 percent, investment in transportation as well as postal and telecommunications services increased by 9.2 percent, and the annual plan for investment in some 200 key projects of the state was overfulfilled.

Self-accumulated capital and society's capital raising have decreased. What is the cause? According to my investigation, this proves that there are many limitations in issuing stocks and bonds through credit expansion to raise capital, because in our socialist national economy, there is no such thing as "idle capital" possessed by capitalists. Several years ago different banks "jostled against each other" in the course of building a capital market, and fake prosperity appeared. This "external cycle" [ti way xun huan 7555 1120 1789 3883] was also a factor causing overdistribution of national income. As a matter of fact, some of these investments in fixed assets cannot be recovered. For this reason, in 1990 neither investment companies nor banks had the courage to provide loans any more. This is an important reason why the sales of invested products were slack in 1990. Moreover, banks had stopped their services of bill collections and account settlements for companies run on self-accumulated capital. When they placed purchase orders with enterprises, they were required to pay a sum of money for deposit purposes (or to carry out cash transactions). Such being the case, these companies had to prepare some cash before placing purchase orders or goods delivery. Thus the production of these commodities was greatly limited and some construction companies had to delay their purchase orders. This is another important reason why invested products did not sell well in 1990.

As I see it, the sales of invested products began to turn for the better in the second quarter, because companies run on self-accumulated capital were gradually centralizing their funds and bank loans could be ascertained.

Those investment projects that are expanding under abnormal circumstances will phase out because of restrictions in the course of retrenchment. This is good and we should not worry about it, still less should we arbitrarily expand out investment in these projects. Otherwise, we will not be able to "ignite" the national economy.

Article Discusses Readjusting Production Setup

HK2202130191 Beijing GUANGMING RIBAO
in Chinese 12 Jan 91 p 3

[Article by Su Ming (5685 2494): "On Policy Choice in Readjusting Production Setup"]

[Text] Presently, the imbalanced state of our country's industrial structure remains rather serious, which has not only exerted an adverse effect on the sustained and stable growth of our economy, but also restricted the enhancement of macroeconomic efficiency. What are the causes of the contradiction of imbalances in the industrial structure of our country? And how should we make readjustments? A preliminary study is made in this article on the two questions.

An Analysis of the Causes of the Imbalanced Industrial Structure

A macroeconomic analysis of the whole situation of the national economy shows that the structural contradiction is caused by both deviations in the guiding ideology of economic construction and faults in carrying out system reform as well as policies of regulation and control.

First, the overanxiety for quick results in economic construction has disrupted the internal ratio relations among industries. Since the founding of our country, tendencies of transcending reality and being overanxious for quick results in the guiding ideology of economic construction have emerged from time to time. In recent years, the state has repeatedly emphasized the need to adopt the strategy of stable development with attention paid to efficiency. However, problems emerged in adopting this new strategic idea have not been completely resolved and, in practice, our attention is still unduly concentrated on the economic growth rate and the goal of redoubling the GNP, to the neglect of the construction of basic facilities and basic industries; to the neglect of the long-term goal of resource allocation; and, in essence, to the neglect of the fact that the modernization cause of our country needs an independent, complete, and highly efficient industrial system in our national economy. The encouragement to redouble GNP ahead of time during an earlier period, as well as the state's adoption of an expansive policy of macroeconomic distribution to replace the comprehensive and balanced system of the national economy has given a further impetus to the already fast growth of production. The overheated economy has aggravated overstretched demand on the one hand, and intensified the degree of shortage and irrational allocation of resources on the

other. As a result, the tendency of a deteriorating industrial structure has become increasingly conspicuous.

Second, financial strength has been over-decentralized in reform, and there is no guarantee for state investment in basic industries. In tackling past malpractices, such as excessive centralism and inflexible overall planning, efforts should be made to prevent the tendency of decentralism and each going his own way in economic restructuring. What we have done in recent years is only stress the former to the neglect of the latter. In the choice of reform policies, people are apt to overemphasize the invigoration at the microlevel and one-sidedly follow an ideology of "delegation of power to lower levels and concession of profit." This results in an over-decentralized distribution of the state's financial strength, and a big drop in the degree of centralism of the financial capital of the state. Under such circumstances, the state has insufficient power to resolve the problem of an irrational industrial structure, a problem which has a bearing on the whole economic situation, and thus budgetary investment as a major investment channel of the state in key construction has taken on a downward trend. For example, the state budgetary allocation in the total volume of fulfilled investment in fixed assets fell from 48.5 percent in 1978 to 9.1 percent in 1988, down by nearly 40 percentage points. The proportion of economic construction funds in the state's total budgetary financial expenditure during the same period also dropped from 40.7 to 23.2 percent, down by 17 percentage points. This shows that the responsibility undertaken by the government does not suit its actual conducting of investment, and that the state lacks financial backing in economic regulation and control. This is one of the major reasons for a stagnated development in basic industries in recent years.

Third, the ineffective macroeconomic regulation policies have aggravated the imbalanced state of the industrial structure. With the development of economic restructuring, capital in the hands of localities, enterprises, and banks has increased to a great extent, and a multichannel setup of social investment has come into being. Under such a situation, an urgent task facing our country, as well as an important content of economic reform, is how to improve macroeconomic regulation and control, and perfect the macroeconomic management system; however, we have always been in need of an effective macroeconomic policy to guide the rational flow of social capital and investment. This is clearly manifested in the pre-tax loan payment policy as well as in the credit policy of banks. Pre-tax loan payment actually means that financial departments are the ones to undertake the responsibility of repaying loans. As a result, enterprises vie with each other for bank loans and use them in projects of processing industries with higher prices and bigger profits. This not only seriously restricts the growth of financial revenue, but also causes a general overexpansion in demand and an imbalance in our national economic structure. Regarding the application of bank credit policies, banks have headed into the field of

investment in fixed assets in recent years. Bank loans on an appropriate scale with rational orientation of utilization in line with the plan and industrial policies of the state will help alleviate the contradiction of insufficient capital in state construction. During the process of bank credit restructuring, however, the overemphasis on enterprise management as well as "granting loans as orders" caused by the interference of local governments at all levels have led to a swelling in bank loans with an investment nature. Moreover, the fact that these loans are mainly used in general processing industries has also added fuel to the fire.

Fourth, the twisted pricing system adds to the difficulty of restructuring in an objective way. Since reform, the state has tried to readjust the irrational pricing system which was formed over the years. Yet, the readjustment was mainly carried out on the prices of agricultural and sideline products as well as industrial consumer goods, while readjustment on less flexible industries was relatively smaller, including energy, transportation, and raw and semifinished materials. Moreover, a double-track system is currently in practice in our country, whereby planned price is integrated with market price. All this has brought about a dual influence: First, the low capital profit of basic industries has long put these industries in a position of meager profit or even loss, and it is difficult to guarantee a balanced development in each industry. Second, the sustained high energy consumption and resource wastage of our industries have further aggravated the shortage of basic industrial goods.

The Choice of Macroeconomic Policies in Industrial Restructuring

Industrial restructuring is a major issue awaiting a solution during the current period of economic improvement and rectification, and an important subject facing our economy in the Eighth Five-Year Plan as well as in the whole of the 1990's. To counter the aforementioned problems, the state should make the following changes in its macroeconomic policies:

First, an appropriate economic growth rate should be maintained. In the future, a new guiding ideology should be applied in the economic development of our country to overcome the tendency of being overanxious for quick results, and really put the focus of our work on restructuring and efficiency enhancement. To this end, the first thing to do is to maintain an appropriate and stable growth rate, for this will not only help alleviate the pressure on industries in short supply, but also enable the state to put necessary financial and material strength into basic industries, and increase the supply of sought-after products. Therefore, it is an important prerequisite for industrial restructuring to maintain an appropriate economic growth rate. In light of our country's economic strength, capital accumulation, and restrictive conditions in capital, an annual GNP growth rate of 7 to 9 percent will be appropriate for our country. Regarding the ratio between agricultural and industrial growth, an

analysis of the practice of some countries during different stages shows that the ratio between industry and agriculture is one to three at the initial stage of industrialization, one to two at the intermediate stage, and one to 1.2-1.5 at the later stage. Now that our country's industrialization is at its early intermediate stage, a growth ratio between agriculture and industry of one to 2-2.5 will be appropriate—that is, the agricultural growth rate should stand at 4 percent, and the industrial growth rate at 8 to 10 percent. Judging from the growth rate of relevant internal sectors in industry, it is necessary to ensure a faster growth rate for basic industries.

Second, the state's investment in basic industries should be strengthened. It is a basic national condition that ours is a shortage economy with a tight capital supply and insufficient foreign exchange. An analysis of this national condition and the current economic situation of our country shows that the focal point in implementing industrial policies is that the state should undertake the main responsibility of restructuring by changing the current situation of an overdecentralized financial strength, and earnestly strengthen its investment in basic industries. In a big and populous, but not financially strong country such as ours, as long as financial strength is appropriately centralized, it is possible to accomplish several major and important tasks. If capital is used in a decentralized way, it is difficult to form a combined force to gain a fairly high scale of efficiency in investment, and problems in basic industries will fail to be resolved. As a result, overexpanded investment will be induced and structural contradictions intensified. Therefore, under the condition of a planned socialist commodity economy, investment in production and construction which has a bearing on the whole situation of the national economy should not rely on spontaneous and blind market regulation, but on planned regulation. Only in this way can we avoid loss of control over macroeconomic order brought about by an overdecentralization of social financial strength and investment, as well as the spontaneousness of market regulation. Proceeding from this idea, a current issue awaiting urgent solution is how to amass financial strength in a proper way so as to expand the investment source of the state. Measures in this connection include the following: 1) Tax collection and management should be strengthened to resolutely stop up loopholes to prevent the state's revenue from seeping through. 2) It is necessary to perfect two "contracted systems," adopt the practice of "separating tax from profit" and the "system of tax separation" for trial implementation, and set up a system whereby financial revenue and enterprise production will grow simultaneously, and the central authorities and localities share financial revenue. 3) Individual income should be suited to the growth of labor productivity to widen the field of individual consumption of residents and change the situation wherein the state has to grant an unduly large amount of subsidies.

Third, the regulation system of macroeconomic policies of the state should be perfected. In the process of industrial restructuring, on the one hand, the state should increase its direct investment and, on the other

hand, intensify and perfect the regulation system of macroeconomic policies so as to guide the direction and quantity of investment flow of all social sectors, and prevent the investment scale from swelling again. The following measures can be adopted: 1) Readjusting the authority limits of granting investment approval. During the process of investment restructuring in recent years, the state has constantly transferred authority for granting investment approval to lower levels. In my opinion, a return to at least the 1984 level can be considered—that is, investment projects of over 30 million yuan should be submitted to the State Planning Commission without exception for examination and approval. 2) Abolishing the policy of pre-tax loan payment. In the future, enterprises should make post-tax payment on newly approved loans in fixed assets, and accordingly abolish the system of drawing post-tax "enterprise welfare funds" and "staff incentive funds." Enterprises should be allowed to make pre-tax payment on old loans, however, and special measures can also be adopted for some special cases. 3) Giving play to the regulation function of taxation policies. A concrete concept is to levy a new tax on orientation regulation of investment in fixed assets. All enterprises and units should pay this tax in proportion to their own investment scale, which will be taken as a special revenue source of state investment. 4) Strengthening the centralized and unified management of monetary sectors. Attention should be paid to strengthening the macroeconomic regulation and control function of the central bank, while all specialized banks should grant loans in line with industrial policies and credit plans of the state. Banks should narrow the range of loans in fixed assets by mainly granting loans to enterprises for technological transformation, as well as for some long-term basic projects. This kind of loan with an investment nature should be listed not only in the credit plan of banks, but also in the state's plan of investment in fixed assets.

Fourth, reform of the pricing system should be pushed forward in a vigorous way. Price reform is an important content of economic reform, and a necessary measure for industrial restructuring. At present, through economic improvement and rectification, the situation of overexpanded social demand has been brought under control, thus providing an excellent opportunity for pushing forward price reform. The following are some concrete suggestions: 1) The buying and selling prices of agricultural products should be readjusted to promote production, restrain consumption, and alleviate contradictions between the supply and demand of agricultural products. The focal point lies in a gradual increase in the state's buying price of grain to narrow the gap between the state's price and the market price, and rationalize the relations between the grain price and the prices of other cash crops. Meanwhile, reform should be simultaneously carried out in the selling prices of agricultural products. 2) The prices of basic industrial goods should be gradually increased to strengthen the capability for production accumulation and development of basic industrial sectors, and enable them to become fields with a certain

attraction for investment. Meanwhile, the situation wherein one kind of means of production has many different prices should be changed, and such a pricing system should be gradually changed to a unified one. 3) Increases and decreases in prices of general industrial consumer goods in accordance with market supply and demand can be allowed. Regarding the large quantity of overstocked and seriously unmarketable consumer goods, it is necessary to relax the control over the prices of such goods and give full rein to the role of market regulation so as to guide production and consumption in a rational way.

Ministry Official on Undertaking Foreign Contracts

HK2302033091 Beijing GUOJI SHANGBAO in Chinese
5 Jan 91 p 1

[Dispatch by staff reporter Zhong Shengli (6988 0524 0448): "Develop Foreign Contracting Business on the New Basis: Interview With Chen Yongcai, Director of Department of Foreign Economic Cooperation Under the Ministry of Foreign Economic Relations and Trade"]

[Text] At the end of the year, the Ministry of Foreign Economic Relations and Trade held a national foreign economic planning work conference in Kunming. During the conference, this reporter interviewed Chen Yongcai, director of the Department of Foreign Economic Cooperation, on the work of undertaking foreign contracts and carrying out labor service cooperation.

"The work of undertaking foreign contracts and carrying out labor service cooperation in our country started later than foreign economic work in other fields, but it has developed rapidly and has achieved inspiring results." Chen Yongcai said when reviewing the work in the past. Through 11 years of effort, our country has undertaken all kinds of construction contracts from, and provided labor service for, 136 countries and regions in the world. The scope of undertaken contracts and labor services extends to the fields of construction, metallurgical industry, harbor facilities, highways, electric power, communications, machine-building, chemical industry, water conservancy and irrigation works, broadcasting, maritime fishing, geological prospecting, forestry, agriculture, textile industry, light industry, ship-building, astronavigation, and nuclear industry. In such a short period of time, our country expanded the business in across a broad sphere. This was rarely seen in the world. He said: By the end of 1990, our country had concluded some 14,000 labor service contracts of all kinds worth a total of \$15.3 billion, and the business turnover reached \$9.47 billion. Those being sent abroad to provide all kinds of labor service numbered 400,000 people, with some people being sent out more than once. All this showed that marked economic and social results had been achieved. Not only the international cooperation companies and the workers being sent abroad increased their own earnings, but they also began to make contributions to the state.

At the same time, this has also promoted the business of our country's civil aviation, banking, insurance, ocean-going transport, and postal and telecommunications departments.

Along with the development of the business in undertaking contracts and labor service cooperation, nearly 100 companies engaged in these undertakings have been set up with the approval of the state authorities. The personnel directly engaged in this business, including the managing personnel, total over 10,000. Of these companies, nearly 10 companies have been ranking or may soon rank among the world's top 250 contractor companies.

When talking about future development, Chen Yongcai said: The foreign contract undertakings in our country will strive for new developments on a new basis. Various international cooperation companies must further improve their business and management around the central task of raising their economic results. They should gradually develop their foreign business and make it comprehensive and should strive to make themselves well-managed economic entities functioning as windows for other domestic enterprises.

Major contractors in the world who enjoy large business turnovers and profits usually undertake the whole packet of design, consultation, material supply, and construction for a project, or act as a general contractor. They then break down the project and assign various component parts to subcontractors by inviting tenders or concluding special agreements, thus reaping handsome profits. Chen Yongcai said: We should imitate such practices, and should take it as the development orientation of our country's foreign contract-undertaking business. He particularly stressed that in the future, the undertaking of foreign contract projects should promote the export of our country's technology, materials, and equipment. In the past, we have made a great effort and have achieved some results in this respect. In the past 11 years, the total value of materials and equipment exported through this channel reached \$1 billion. Even so, the proportion is still too small, and should be expanded in the future.

When talking about the establishment and development of companies, Chen Yongcai said: Various international cooperation companies should not only have the ability to directly organize and manage the contracted projects, but should also be able to play a role in passing information, opening channels, acting as agents, and introducing successful experiences for the expansion of foreign economic cooperation in their own regions and departments. At the same time, they should strive to diversify and expand their business, increase their enterprise functions, and continuously raise their competitiveness and foreign exchange earning capacity.

This reporter asked: As the state institution in charge of foreign contract undertaking and labor service cooperation, what new measures will the cooperation department of the Ministry of Foreign Economic Relations and

Trade adopt to strengthen leadership and management in this field? Chen Yongcai told this reporter: According to his department's initial plan, the international cooperation companies will be divided into several categories according to their business capacity, characteristics, scope, and economic results for multitiered management. Encouragement and support in the aspects of business scope, market distribution, and financial sources will be given to these companies. In the future, 10 top international cooperation companies will be elected every year according to various companies' business performances, and will be announced at home and abroad. Chen Yongcai said: In 1988, the Ministry of Foreign Economic Relations and Trade set up five-star awards for foreign economic cooperation, and the awards will be given to winners for the first time next year.

Finally, Chen Yongcai said: Presently, the current competition on the international contract labor market is still rather intense, but opportunities exist side by side with difficulties. Through 11 years of development, our country has laid a solid foundation in experience, market, personnel, and management. As long as we continue to maintain the enterprising spirit and properly handle our work in all fields, our country's foreign contract labor undertakings will certainly be able to overcome difficulties, grasp opportunities, and make new and greater developments on the new basis.

Macroeconomic Strategies for 1990's Explored

HK2502095791 Beijing JINGJI RIBAO in Chinese
31 Jan 91 p 3

[Article by Hou Qingguo (0186 1987 0948): "On Probes Into a Strategy for Macroeconomic Regulation and Control in Our Country"—first paragraph is editor's note]

[Text] Will our country's economic development also undergo cyclical fluctuations? If so, what kind of cycle will prevail in China's economy in the 1990's? How can our macroeconomic regulation and control play an active role during the cyclical fluctuations? These are the questions of concern to scholars studying macroeconomic theories in recent years. Hou Qingguo, a postgraduate student doing his doctorate in economics at Beijing University, has written an article making a fairly extensive probe into these questions after processing tens of thousands of economic data. We publish this article so that readers concerned with this problem may be able to study it. The article and its conclusion present one viewpoint. Some ideas await further discussions and practical tests.

I. The Objective Foundation for a Strategy on Macroeconomic Regulation and Control

In light of a given level of growth of productive forces and a given supply of resources, the rate of China's economic development in the 1990's will be determined primarily by whether or not its macroeconomic regulation and control strategy is correct and whether or not it is the best. The objective foundation for the best strategy

on macroeconomic regulation and control lies principally in four aspects: The laws of economic fluctuations, moderate development, and values; the current state of economic operations; future economic trends; and improvement in society's economic structures. Deviation from these four aspects will make it impossible to establish the best strategy on macroeconomic regulation and control.

Economic fluctuation is a natural phenomenon in society's economic operation. Through observations and studies, it is not hard to find that these fluctuations follow a law and may generally be summarized in five principles:

1. Economic operations may be described objectively according to five types of economic conditions: When the economy is overheated, heated, growing moderately, or is cool or overcool. Moderate growth is the best condition. Generally speaking, every economy grows cool, moderate, and heated during every economic cycle. It does not necessarily become overheated or overcool during each cycle. This happens when the economy accumulates a large number of uncertain factors. Of these, policy is the most important factor of uncertainty.

2. When a stable economy is running moderately, it will generate the best economic results; economic results decline proportionally when the economic operations grow heated, overheated, and cool; once the economy becomes overcool, it receives the worst economic results. Changes in the economic cycle translate into regular changes in economic results: One, economic results undergo cyclical changes according to periodical variations in economic activities. Two, when a stable economy is growing moderately, most of its targeted economic results will show signs of an upsurge. Three, when the economy is heated or overheated, the targeted economic results will show signs of a decline. Four, when the economy is cool or overcool, its economic results will plummet drastically at a faster rate.

3. If the economy is stable, it will also be highly efficient; and vice versa. Economic stability means that an economy can stay longer in the high moderate zone for a longer period of time (short cycle).

4. Economic operations may be objectively classified into five states: Economic imbalance, excessive balance, lack of balance, moderate balance, and moderate equilibrium. Economic imbalance, excessive balance, and lack of balance cause the economy to be inefficient and give rise to an unstable economic operation. Only moderate equilibrium and moderate balance could bring about a steady and highly efficient economy. Excessive balance occurs when the economy is heated and overheated, while lack of balance occurs when it is cool and overcool. Moderate balance occurs when the economy is moderate; moderate equilibrium refers to the dynamic equilibrium that is attained when an economy is growing moderately and steadily for a longer period of time. Excessive balance and lack of balance are not ideal, and are not the objectives of macroeconomic

management. Only moderate equilibrium and moderate balance are the desired objectives of macroeconomic administration.

5. Objectively speaking, economic cycles averaging 3.6, 8, 17, 50, 125, and 325 years take place in both planned and market economies, and all kinds of economic cycles are distributed strictly according to the law of index. This principle shows that cyclical fluctuations in the economy is an objective economic law governing the economy's operation. Its occurrence cannot be dictated by human will. Through our understanding, mastery, and application of the law on economic fluctuations, we can influence the duration of the economic cycles' high and low periods, the rate of economic fluctuations, moderation of the economy, and the rate of economic operations and extent of its retrogression through macroeconomic regulation and control.

II. The Current State of Macroeconomic Operations

From 1949 to October-November 1989, our economy underwent 11 short-term cyclical fluctuations, each averaging 3.6 years. Among these, the one lasting from October 1981 to September 1984 took place when our economy was experiencing a sustained and highly efficient growth. After October 1984, our economy went into a period of relative instability and poor efficiency. From June 1989 to September 1990, it entered a long period of coolness and overcoolness, the length of which was rarely seen in 41 years. In October 1990, the economy was again growing moderately. Whether or not it will maintain a fairly long period of sustained growth will be determined by the dynamism of the macroeconomic regulation and control.

Our economic activities started to change from good to bad in August 1988 and experienced a slight upsurge in February 1990. A fundamental change took place in December. More than half of the targeted economic results of industries and enterprises included in the budget also displayed a soaring trend.

Classifying our country's economic operations according to medium- and long-term cycles, 1949-67 was our country's first medium- or long-term cycle, 1967-81 was the second, and 1981 to roughly 1996 (according to predictions) will be the third. The period 1981-88 was the high period in the third medium- or long-term cycle, characterized by a vibrant and booming economy, while 1989-96 will be the third cycle's low period. From 1996 to roughly 2005, our economy will enter the high period of a fourth medium- or long-term cycle.

III. Optional Strategies for Macroeconomic Regulation and Control in the 1990's

Based on the medium- and long-term development of our country's economy, the strategies for macroeconomic regulation and control in the 1990's should primarily feature the following:

1. An economic expansion strategy should be implemented from 1989 to 1996 to stimulate economic growth and contain an economic slump. From 1989 to around 1996, the economy will gradually slow down. If we adopt an austerity strategy, industrial growth will be lower than 8 percent (calculated according to fixed prices in 1980), and the economy will remain cool or overcool for a long time. Economic efficiency will decline, the economic environment will deteriorate, while recession will deepen and worsen; if an expansion policy is adopted to boost economic growth as much as possible and the industrial growth rate is kept not lower than 8 percent, our economy will be able to maintain a sustained and highly efficient growth for a longer period of time. Recession will then be contained and transformed into growth.

2. The macroeconomic regulation and control strategy from 1997 to roughly 2005 should call for the adoption of a moderate expansion policy in the first five years, a moderate austerity strategy in the last four years, and an economic growth rate of not more than 12 percent in order to prevent the economy from becoming heated or overheated. If macroeconomic regulation and control is carried out moderately, the period from 1997 to roughly 2005 will bring about sustained and highly efficient growth.

3. Achievement of a highly efficient economic growth through moderate economic growth. Whether or not moderate economic growth can be sustained is the key to the success or failure of the Eighth Five-Year Plan and of China's economic development. For 41 years, we have never voluntarily sought a genuine resolution of the dialectical relationship between speed and efficiency in accordance with the objective demands of the laws of economic fluctuations and moderate growth. Hence, economic growth was either too fast or too slow. The tempo of economic activities caused our economy to stagnate. For a long time, the moderate growth's rate was not scientifically determined, displaying an enormous blindness in so far as economic growth rate is concerned. Widely divergent views emerge when discussing the industrial growth rate in the Eighth Five-Year Plan and in the 1990's. I maintain that the growth rate should be considered in conjunction with the economic development cycle. According to estimates: If industry grows at a rate lower than 8 percent during this period, the economy could become cool or overcool, and it will become heated or overheated if the growth rate is higher than 12 percent; it is best to keep heavy industry growing moderately at around 11 percent; it is best to keep light industry at around 12 percent, and the ratio for light to heavy industries at 49:51; the moderate growth rate of energy production should not be lower than 7 percent; the construction industry should grow moderately at around 13 percent; the moderate ratio for investments in housing should be limited to around 16 percent; productive investments should make up 69 percent of fixed assets investments; investments in transportation and communications should make up roughly 5 percent of the GNP; the ratio of currency circulation to total industrial output value should be 0.6:0.9 percent; the

ratio of credit scale to total industrial output value should be six to seven, the ratio of wages and cash awards to total industrial output value should be kept at 0.17:0.2.

4. A moderate preferential policy in favor of the old industrial bases in the inland should be introduced. Since the 1980's, the coastal regions' economies have grown rapidly and achieved enormous gains in reform and opening up. This should be fully affirmed, but we should also see that old industrial bases like Shenyang are deteriorating. The rapidly growing coastal regions have taken away the production resources and markets the old industrial bases need, denying a full exploitation of these bases' productive forces and leading to a decline in the bases' economic results, a drop in the investments capability for renovation and upgrading, and a failure to promptly replace and update old machinery. If a preferential policy favoring the old industrial bases is not introduced, deterioration will be inevitable.

5. A state macroeconomic monitoring and warning group should be set up and a macroeconomic monitoring and warning system installed. Such a system has not only been operational for a long time in the United States, Japan, Canada, the Philippines, Hong Kong, Taiwan, South Korea, and other regions, but it has also achieved relatively good results in macroeconomic regulation and control. Their experience in this area should be studied.

Tian Jiyun Calls for More Electrical Exports

OW2302193391 Beijing XINHUA in English
1325 GMT 23 Feb 91

[Text] Beijing, February 23 (XINHUA)—Chinese Vice-Premier Tian Jiyun today called for a sustained and steady growth of exports of machinery and electrical products during the state's Eighth Five-Year Plan period (1991-95).

Addressing a national conference on exports of machinery and electrical products here today, Tian stressed quality, variety and efficiency with regard to machinery and electrical product exports.

He said that by the end of the Seventh Five-Year Plan period (1986-1990), the export of machinery and electrical products had surpassed 11 billion U.S. dollars-worth, which "has laid a basis for future development."

Since the beginning of this year China has begun to further reform its foreign trade system, Tian said, export enterprises should adapt to the new foreign trade system.

He stressed that more information on the world market should be obtained.

Report Outlines Rural Development in 1990's

HK2202141791 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 6 Feb 91 p 3

[Report by staff correspondent Liu Litian: "Prospects for China's Rural Areas in the 1990's: Interviewing Deng Yingtao, deputy director of the Institute of Rural Development under the Chinese Academy of Social Sciences"]

[Text] While entering the stage of having more than enough to eat and wear, developing countries in the world at the present time have strongly felt the influence of developed countries on them. In the face of this new economic environment, most of them have to choose a form of opening up to the outside world, a form conducive to their own development, and appropriately readjust their modes of development.

In China, which takes agriculture as the foundation, over 90 percent of its rural population has no more problems with food or clothing. In the 1990's, what rural economic policy commensurate with its characteristics must China adopt to guide the rational allocation of such essential elements as funds, manpower, and natural resources and provide society with more materials? This is a question which is of great importance to China's wider opening up to the outside world and the sustained growth of its national economy. Deng Yingtao, deputy director and associate research fellow at the Institute of Rural Development under the Chinese Academy of Social Sciences, has conducted research on the issue. In an interview with this reporter, he explained and outlined the line of thinking guiding his research.

[Liu] China's rural economy has undergone 10 years of development and reform, and there has been a fairly significant improvement in the peasants' living standards. In the rural areas, nonfarming industries have developed rapidly, thus ending the situation in which rural industries were one-dimensional and bringing systematic changes to the entire rural industrial structure. In the next 10 years, what will be given priority in the rural economic development and reform?

[Deng] In light of the development achieved in the previous 10 years and the successful experiences of other countries, in the days to come, two main problems should be solved in rural development. First, it is necessary to make sure that agriculture, crop cultivation in particular, will have a sustained and stable growth rate, which is higher than that during the Seventh Five-Year Plan. Second, in the course of developing nonfarming industries, efforts should be made to change the advanced [chao qian 6389 0467] process of rural industrialization and strive to achieve the following structural indexes: Ensuring that the proportion of nonfarming employees accounts for about 55 percent of China's total number of employees (of which the figure in the tertiary industry will be about 30 percent) and that the proportion of nonfarming employees in the nation's total population is about 40 percent. This will help greatly

improve China's rural areas and even the comprehensive development of its national economy as a whole.

[Liu] Presently, the current amount of increased rural industrial value constitutes 80 percent of the total rural product of society. The number of people employed in rural industries is more than 90 million, which is about the number of people employed by state-owned enterprises all over the country. The capacity of rural industries to absorb labor shifted from other sectors to rural industries is dwindling. In such circumstances, how can the above-mentioned structural indexes of nonfarming employees be attained?

[Deng] This means that in the next decade, a substantial readjustment should be made in the choice of China's rural economic policy and, particularly, major policy measures should be adopted in some key aspects of the relations between town and country. Efforts should be made to readjust the pattern of economic interests of the city and the countryside and to expedite the formation of the new-type urban population enjoying no state subsidies in such areas as grain, edible oil, water, electricity, and housing to put an end to the situation in which the urbanization of rural areas is excessively lagging behind.

The tertiary industry able to absorb large quantities of labor has been very inadequately developed in China. With the process of rural urbanization accelerating, promoting the development of the secondary and tertiary industries in the new-type cities will help greatly improve the situation in which employment in non-farming industries is becoming strained.

[Liu] While conducting research, have you noticed any development prospects?

[Deng] Yes, I have. In Zhejiang's Wenzhou area there has emerged a peasant city in Longgang, in which state funding constituted just 5 percent of the city's total investment, and the remaining sum was covered by the funds pooled by the peasants themselves. In that area, the superfluous rural labor power moved to towns and the tertiary industry more effectively, and the comprehensive production efficiency of agriculture has been boosted.

The current urban management system restricts the rural population from moving to cities. Currently, the state financial subsidies to the urban population constitute 33 percent of the state revenue. By the year 2000, the urban population is expected to grow to nearly 300 million people and the subsidies for grain and edible oil to amount to 120 billion yuan. State finances will find it difficult to bear such a financial burden. It is highly necessary and possible to reform the policy of urbanization. If the proportion of new-type urban population in the nation's total urban population is increased gradually, fairly large advances will be achieved in the reform of the structure of prices of farm produce including grain, cotton, and edible oil. What is of far-reaching

significance is increasing the state's economic accumulation, leaving more room for urban reform, and minimizing the practice of "everybody eating from the same big pot" in cities.

Commentator on Promotion of Agricultural Techniques

HK2502105591 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 11 Feb 91 p 3

[Article by staff reporter Lu Peifa (7120 1014 3127): "Scientific and Technological Progress: Hope of China's Agriculture"]

[Text] The year 1990 proved to be a period of promoting agricultural techniques. During this period the broad masses of farmers and local administrations had a better understanding of the need to rely on science and technology to invigorate agriculture and made great contributions in this respect. Under the plans to spread the use of scientific techniques with the "bumper harvest program" serving as the "dragon head," scientific techniques were applied to a wide area of farmland and made possible bumper harvests in agriculture, animal husbandry, and fishery. With the implementation of the "bumper harvest program," farmers reaped an additional six billion kg of grain and 110 million kg of cotton last year. Good harvests were also registered in industrial crops, animal husbandry, poultry breeding, and aquatic products. The additional annual output value hit 4.853 billion yuan, overfulfilling the annual plan for increased production.

Over the last 40 years since the founding of the People's Republic, China has gradually promoted agrotechniques to boost agricultural production. As a result, the per-unit grain output increased from 77 kg to 250 kg; the gross annual grain output from 132.15 billion kg to 425 billion kg; that of meat increased 11 times; and that of aquatic products, 25 times. The success made in short-stalk grain development in the mid-1950's enabled per-unit grain output to increase by 100 kg, which was known as the "green revolution." In the 1970's an important breakthrough was made in improving paddy varieties through hybridization resulting in a total increase of tens of billions of kilograms of grain. Other techniques such as plastic sheeting, applying compound fertilizers, mixed feed, overall prevention and control of plant diseases and insect pests, and new aquatics breeding techniques also contributed to China's marked increase in agricultural production.

Restricted by various factors, however, science and technology has failed to play its primary part in boosting agriculture for a long time. Statistics show that in the early part of the current century, less than a 20-percent increase in agricultural production was brought about by applying science and technology in economically advanced countries, but the figure has now jumped to 60 to 80 percent. As estimated by the China Academy of Agricultural Sciences, 27 percent of China's gross agricultural output value resulted from applying scientific

techniques, and this figure moved up to 30 to 40 percent in the Sixth Five-Year Plan period and will be up to 50 or 60 percent by the end of the century. Therefore, the Chinese Government's policy of relying on science and technology to invigorate agriculture is not only a crash program to solve the problems of zero growth in, and insufficient input into, agriculture but also a long-term basic strategy prompted by our understanding of the law of international economic development and determined by China's actual conditions: The land is too small for such a big population, and China's financial strength is limited.

Since we pursued the policy of reform and opening up, we have first of all carried out agricultural structural reform in a grand way, resulting in a large increase in the peasants' enthusiasm for production and rapid development in agricultural production. Such a situation enabled the majority of peasants to gain a clear understanding of the great significance of invigorating agriculture by applying scientific and technological achievements. Since 1987, the Agriculture and Finance Ministries have made concerted efforts to implement the "bumper harvest program." Over the last four years, all provinces, cities, and autonomous regions across the country have undertaken 80 projects listed in the program and invested 1.89 billion yuan. Such a move yielded marked social and economic results with an additional output value of agriculture, animal husbandry, sideline occupations, and fishery amounting to 13.73 billion yuan in the same period. Presently, 220,000 of all kinds of agroservice stations have been set up in rural areas throughout the country to promote scientific and technological accomplishments with a service crew of about 1.1 million. In addition, there are more than 100,000 professional research institutes or associations run by local people and five million households in charge of scientific and technological demonstrations. In the last few years, the central and local authorities have jointly invested 790 million yuan in setting up agrotechnique centers in 1,266 counties and carried out fruitful cooperation with developed countries and international organizations throughout the world. China has stepped into the advanced world ranks in terms of crop breeding, comprehensive improvement of mid- and low-yield land, and agrobiological techniques. Once again, the education for peasants has been high on the agenda of all levels of governments and vigorous efforts are being made to carry on the work.

According to Chinese Government officials in charge of agriculture, China will continue to spread the use of agrotechniques of different levels; carry out all kinds of activities to promote and publicize agrotechniques and train technical personnel, and provide consultation service in line with local conditions. The work will be carried on in connection with comprehensive agricultural development; construction of commodity bases and "shopping basket" and "enough food and clothing" projects; and the work in the fields of agriculture, animal husbandry, aquatic products industry, farm machinery,

and operation and management, with the "bumper harvest program" serving as the "dragon head."

China's agricultural development hinges on applying scientific and technological achievements. The whole country has gained a clear understanding of this and is making vigorous efforts to carry out related plans. Such a campaign will certainly enable China's agriculture to reach a new mark.

Tian Jiyun Chairs National Rural Economy Meeting

OW2502084591 Beijing XINHUA Domestic Service
in Chinese 1634 GMT 24 Feb 91

[By RENMIN RIBAO reporter He Jiazheng (0149 0502 2973) and XINHUA reporters Ji Bin (1213 2430) and Liu Deyu (0491 1795 3768)]

[Text] Jinan, 24 Feb (XINHUA)—This evening, a national experience-exchange meeting on rural economy called by the State Council opened in Jinan City, Shandong.

Vice Premier Tian Jiyun, who presided over the meeting, said that the three major tasks of this meeting are: 1) To earnestly study and grasp the guidelines of the Seventh Plenum of the 13th CPC Central Committee to clearly affirm the general guidelines and tasks for agricultural development during the coming decade and the period of the Eighth Five-Year Plan. 2) To summarize and exchange experiences in agricultural production and rural economic development of different localities and further improve the ability of leaders at various levels to properly implement the party's fundamental rural policy. 3) To study and make arrangements for this year's rural economic work. He said: The Seventh Plenum of the 13th CPC Central Committee defined the objectives of our struggle, the guiding principles, and our tasks during the coming decade and the period of the Eighth Five-Year Plan. In particular, it listed the strengthening and development of agriculture and the progressive targets of 450 billion and 500 billion kg of grain as key tasks for economic development during the coming decade and the period of the Eighth Five-Year Plan and outlined other major measures. This meeting, convened at this critical juncture, could, therefore, be seen, in addition to being a forum for exchanging experience in rural economic work, as a mobilization meeting for achieving the development objectives set forth by the Seventh Plenum of the 13th CPC Central Committee, as well as a planning meeting for reaping yet another good harvest this year following last year's bumper harvest. He expressed the hope that through this meeting, comrades from different departments and different places would summarize and exchange experiences, learn from one another to improve their deficiencies, rouse their enthusiasm to stabilize the party's fundamental rural policy, deepen the rural reform, and make concerted efforts for the prosperity and development of rural economy and the attainment of new objectives of our struggle.

In his speech, State Councilor Chen Junsheng said: Since the Third Plenum of the 11th CPC Central Committee, we have acquired and accumulated a wealth of valuable experiences in rural reform and economic work. These experiences not only have played an extremely important part in the recent agricultural development and the comprehensive bumper harvest in the past two years, but also have had great significance and bearing on the long-term, sustained, and stable development of our agriculture in the future. Therefore, we need to earnestly summarize, exchange, and, with one's local conditions in mind, learn from each other's experiences. He said: One of the important ways for governments at different levels to exercise leadership in rural work is to summarize and popularize, in a timely fashion, the useful experiences of various places and make it a conscious action on the part of the vast numbers of cadres and masses. This is a long-standing fine tradition of our party that should be carried forth under the new situation of the 1990's. The purpose of this meeting is to, through summarizing and exchanging experiences, adapt rural work in the future to the needs of the grass roots, the masses, and reality, and consistently adhere to the method of work of "from the masses, to the masses." He said: We should fully respect the creativity of the masses and the grass roots and fully affirm all the useful experiences and approaches that will facilitate the development of socialism and rural economy to carry out rural work more creatively and in line with reality and the needs of the masses. By so doing, we would be able to continuously inject fresh vitality and new life into rural economic work and get fully prepared ideologically, organizationally, and in leadership for reaping a good harvest this year and achieving a sustained and stable agricultural development in the 1990's.

Attending this meeting were comrades in charge of rural work from the provinces, autonomous regions, municipalities, cities with provincial-level economic decision-making authority across the country, and officials of the relevant departments of the CPC Central Committee and the State Council. In a departure from the "common practice" of major meetings, reports were not delivered and discussions were not held at this meeting. The opening ceremony was not even held. Instead, the meeting started with two days of on-the-spot visits and investigations in Shandong Province, followed by experience exchanges and speeches from the floor.

Further on Tian Speech

OW2502064891 Beijing XINHUA in English
0630 GMT 25 Feb 91

[Text] Jinan, February 25 (XINHUA)—China's Vice-Premier Tian Jiyun called on all areas to learn from their experience of agricultural development and strive for good harvests this year.

At a national meeting which opened here yesterday, Tian said that the Seventh Plenary Session of the 13th National Congress of the Communist Party of China, which was held toward the end of last year and put

forward suggestions concerning the 10-year project for national economic and social development and the Eighth Five-Year Plan (1991-1996), urged the nation to strive for a 450 million-ton annual grain output.

Tian said that the experience of the past few years of the household-based responsibility system has taught valuable lessons in construction of irrigation systems, improvement of social services and efficient circulation of agricultural products. The current meeting will sum up the experience to further the agricultural development.

State Councilor Chen Junsheng told the meeting that since the third plenary session of the 11th national congress of the party at the end of 1978, and especially in the past two years, China has made remarkable progress in agricultural development and reaped bumper harvests.

Participating in the meeting were officials from ministries concerned with agriculture, vice governors of all provinces and mayors of some cities.

In the next five days other leaders of the party and state will speak at the meeting.

Agriculture Vice Minister on Success of Planting

OW2302193791 Beijing XINHUA in English
0923 GMT 23 Feb 91

[Text] Beijing, February 23 (XINHUA)—Farmers in China planted summer crops on over 44 million hectares last winter, an increase of 3 percent or 1.5 million hectares over the previous year.

Speaking at a press conference today, Chen Yaobang, the vice minister of agriculture, said that the amount of grain crop land continues to expand, and now totals over 30 million hectares, an increase of two percent over the previous year. Land planted with oil-bearing crops has increased by 10.2 percent and the acreage using green manure has grown by 17.4 percent, the vice minister said.

Chen said the new methods have been used to plant the crops and that machinery is now used extensively in the ploughing and sowing stages. In addition, new planting techniques and fine seeds have been introduced.

Since a solid foundation was laid during the sowing season, he said, most of the crops are growing well in spite of inclement weather conditions that have prevailed in some provinces since the beginning of winter.

However, the vice minister warned that proper attention has not been given to farming activities such as watering, and applications of fertilizer. As a result insects are likely to damage the crops since the weather has been unseasonably warm, Chen said.

Large Grain Production Base Planned in Northeast

OW2302181691 Beijing XINHUA in English
1202 GMT 23 Feb 91

[Text] Beijing, February 23 (XINHUA)—China plans to build a large commodity grain production base in Heilongjiang Province in the northeast which can produce five billion kilograms of commodity grain a year. The project will be a part of the country's efforts to boost agricultural production after the year 2000.

According to the Ministry of Agriculture, the plan will be initiated this year and the entire project is scheduled for completion by the year 2000.

Construction of what will be a mammoth commodity grain production base involves the amelioration of 1.6 million hectares of low-yield land, and the reclamation of 300,000 hectares of wasteland. The project will require the construction of a large scale irrigation project, as well as seed and grain processing centers and service facilities, which it is estimated will cost over 4.08 billion yuan. When completed the production base will be capable of providing over 5.4 billion kilograms of commodity grain to the state, annually.

The state is expected to invest at least 300 million yuan in 1991 to initiate the farmland amelioration project.

Northern Provinces Suffer From Drought

OW2302074891 Beijing XINHUA in English
0734 GMT 23 Feb 91

[Text] Beijing, February 23 (XINHUA)—Over 10 million hectares of wheat land in northern Chinese provinces are suffering from an acute drought as a result of little rainfall or snow this winter.

An official from the Ministry of Agriculture reported that in some part of the country the total rainfall since the beginning of winter has accounted for only one third to one fifth that of normal years. Although some northern areas recorded rainfall from the 14th to 16th of February, the serious drought lingers and is likely to continue through spring, the official said.

In the central province of Henan, for example, two million hectares of farm land were suffering from drought conditions by the middle of February. This is especially serious since the area accounts for 41 percent of the province's total wheat growing areas. An additional one million hectares of farm land in Shaanxi Province are also plagued by water shortages.

Officials from the Ministry of Agriculture warned that if no effective measures are taken the drought will severely affect wheat crops, as well as spring ploughing and sowing which are only days away.

East Region

Commentary: Enterprises Follow World Issues

OW2302194791 Nanjing Jiangsu Provincial Service
in Mandarin 1015 GMT 22 Feb 91

[Commentary by station reporter Shen Yulan: "Discuss Arrangements for Enterprises in View of Gulf Crisis"]

[Text] The Changhong Engineering Plant, a grade-A state enterprise which manufactures televisions in Mianyang City, Sichuan Province, has placed discussions on the Gulf war, the state policy on housing, and visits to China by foreign presidents on the agenda of its weekly meeting on economic and political issues. At first hearing, these issues seem totally unrelated to production in and operation of the factory. However, this measure happens to be one of the important factors that enabled the factory to formulate relatively better strategies and leap ahead of others in the industry.

In view of fluctuations in world oil market caused by the tense situation in the Persian Gulf, Changhong Factory forecast that the prices for ABS plastics, a by-product of petroleum and an essential raw material for producing televisions, would certainly rise. Consequently, it seized the opportunity and purchased the material in large quantities. Now, it seems that this action has saved them tens of millions of yuan in production costs.

Another case in point. Wu Ruilin, manager of Jinling Petrochemical Corporation, also forecast a shortage of crude oil supply in the country during a recent conversation with this reporter on the Gulf crisis. He said that his corporation had sent personnel in charge of crude oil procurement to various places and asked them to work overtime, even during the Spring Festival.

It should be recognized that the decisions made by Changhong Factory and Jinling Petrochemical Corporation in coping with contingencies reflect a keen economic concept and strong sense of information utilization by enterprise managers and show that they possess essential qualities required of managers of export-oriented enterprises.

China is a member of the world community; geographical differences no longer separate China from other countries. Every change in the world's economic and political climate, either directly or indirectly, might present us with a challenge or bring us an opportunity. Challenges are to be met, opportunities seized.

As a decision-maker in an enterprise, one should be ever observant and alert of one's surroundings, open up various channels of information, seize every possible opportunity, size up the situation, and utilize favorable factors while avoiding unfavorable ones. However, we still have a number of enterprise managers who are interested only in starting new establishments or launching new projects, the more the better. Some managers produce goods with total disregard for market

trends; their products are often unmarketable. Divorcing themselves from reality often results in disastrous defeat in the world of fierce competition.

Our entrepreneurs should not limit their scope to their own organizations or localities but should instead view their organizations or products from a global perspective. Only when we stand on a higher plane can we see far ahead and devise strategies within a command tent, gaining victories thousands of miles away.

Zhejiang Congress Discusses Overseas Chinese

OW2402175891 Hangzhou Zhejiang Provincial
Service in Mandarin 1000 GMT 23 Feb 91

[Text] The Standing Committee of the provincial People's Congress this morning invited responsible persons from departments concerned, some returned Overseas Chinese, and relatives of Chinese nationals living abroad to a discussion meeting on the implementation of the Law of the People's Republic of China on Protecting the Rights and Interests of Returned Overseas Chinese and Relatives of Chinese Nationals Living Abroad, and to listen to their suggestions and opinions on how to implement the law.

Our province is one of the country's major homelands of Overseas Chinese. The province's number of Overseas Chinese living abroad, returned Overseas Chinese, and relatives of Chinese nationals living abroad is close to 1 million people. Implementation of the law has great significance for enhancing the enthusiasm of the province's returned Overseas Chinese and relatives of Chinese nationals living abroad and for promoting Zhejiang's economic construction, reform, and opening to the outside world.

At the discussion meeting, some returned Overseas Chinese and relatives of Chinese nationals living abroad said that the promulgation of the law to protect the rights and interests of Overseas Chinese and the relatives of Chinese nationals living abroad marks the shift from conducting Overseas Chinese affairs work according to policies to conducting it according to law. This fully shows that the party and the state are showing concern for the living, political, and economic conditions of returned Overseas Chinese and the relatives of Chinese nationals living abroad.

The returned Overseas Chinese and relatives of Chinese nationals living abroad attending the meeting also made useful suggestions on how to implement the law.

During the discussion meeting, Wu Minda, vice chairman of the Standing Committee of the provincial People's Congress, called on Overseas Chinese affairs departments to work in coordination with relevant government departments, draw up a draft for implementing the law in light of Zhejiang's actual conditions, and submit it to the Standing Committee of the provincial People's Congress for examination.

Central-South Region

Hou Zongbin Attends Bank Presidents' Conference

HK2202135791 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 21 Feb 91

[Text] The provincial conference of bank presidents and insurance company managers was convened in the People's Auditorium in the provincial capital.

Provincial party committee Secretary Hou Zongbin, acting provincial Governor Li Changchun, and Vice Provincial Governors Song Zhaosu, Hu Xiaoyun, Qin Kecai, and Liu Yuan attended the conference.

The conference pointed out: The main tasks of this year's financial work are: To continue to adhere to the currency-related credit and loan principle of controlling aggregate amounts, readjusting structure, strengthening management, and increasing efficiency; to maintain and promote stability and ensure appropriate economic growth; and to shift the focus of work to rationalizing the loan structure, invigorating stored funds, and strengthening internal management.

The conference emphatically pointed out: This year is a year in which a foundation should be laid for the economic take-off in the next decade. National economic development should be realized through improvement and rectification. All circles are bound to have huge demands for credit and loan funds. However, the credit and loan scale will shrink compared with last year. The increase in credit and loan funds sources, especially the bank deposits in the urban and rural areas, is likely to slow down. The contradiction between funds supply and funds demand will tend to be more serious, too. In view of this situation, financial departments throughout the province must offer cooperation in the unfolding of the Quality-Variety-Efficiency Year activities, continue to adhere to the currency-related credit and loan principle of controlling aggregate amounts, readjusting structure, strengthening management, making appropriate readjustments, and increasing efficiency, and successfully carry out all types of financial work in a down-to-earth manner.

At the conference, acting provincial Governor Li Changchun delivered an important speech on how to successfully build our province's financial and insurance undertakings and promote Henan's economic development.

While fully affirming the great contributions made by our province's financial circles to our province's economic development last year, he also put forth several demands: Henan's financial departments must actively provide services to promote Henan's unity, advancement, and development.

Li Changchun said: Not long ago, I proposed that four things should be done well. One of them is giving play to the role of financial and banking circles. This is, in essence, aimed at answering the question of how financial and banking circles should contribute to Henan's development and economic construction. In order to ensure a healthy and rapid development of Henan's

economy, first, it is necessary to successfully carry out macroeconomic readjustment and regulation; second, it is necessary to invigorate the microeconomy. Banks will play a very important role in these two questions. Henan's financial circles should invigorate funds, exert their utmost to eliminate the contradiction between funds supply and funds demand within the framework of state financial policies, give [words indistinct] and information support to enterprise invigoration, and act as a good adviser to governments at all levels in raising their decisionmaking standard.

Acting provincial Governor Li pointed out: The provincial party committee and provincial government hope that financial circles will further enhance the concept of financial circles serving economic construction, cultivate the notion of prosperity being a glory and backwardness being a shame [words indistinct], and take the initiative to serve economic development. Various financial departments should try their best to raise more funds for our province's economic construction. Greater efforts must be made to develop our province's financial market and invigorate internal funds. At the same time, redoubled efforts must be made to attract funds from other provinces and from foreign countries and regions and create a fine environment and fine conditions for attracting foreign funds. It is necessary to optimize incremental funds and flexibly dispose of stored funds. Work in this regard should be judged by enterprise efficiency in the first place and social benefit in the second place. These two aspects are of great importance and are indispensable. In the new year, the various financial departments must emancipate their minds and carry out work in a creative manner. The financial circles should also make due contributions to the "Jiao Yulu Cup" activities unfolded by the provincial government.

Acting provincial Governor Li finally pointed out: Leaders at all levels in our province must try hard to familiarize themselves with financial work and must be good at giving scope to the role played by financial departments in economic work. Though under vertical leadership, banks at all levels should actively seek assistance and support from local governments and make new and greater contributions to Henan's development.

North Region

Inner Mongolia Sponsors Forum on Religion

SK2502034591 Hohhot Inner Mongolia Regional
Service in Mandarin 1100 GMT 23 Feb 91

[Text] On the afternoon of 23 February, the autonomous regional party committee sponsored a forum with the personages of religious circles to exchange opinions on further implementing the party's religious policy and doing a good job in conducting religious work, to mutually discuss the issue of how to bring into play the enthusiasm of religious personages and the broad masses of believers, and to explore the way of making contributions to maintaining social

stability and national unity and fulfilling the second-phase strategic goal of modernization.

Qian Fenyong, deputy secretary of the autonomous regional party committee, attended the party and delivered a speech in which he first extended festive greetings to the old friends of religious circles, who had long cooperated with the CPC, and pointed out that the CPC Central Committee and autonomous regional party committee and people's government had always paid great attention to religious work. Since the Third Plenum of the 11th CPC Central Committee, the party's religious policy has been gradually implemented. The autonomous region as a whole has opened the places of religious activities, basically satisfied the needs of normal religious activities conducted by believers, restored or established the patriotic religious communities, initially trained a large number of young religious practitioners cherishing the country and their religions, and has actively developed the religious and friendly programs exchanged with foreign countries. Thus, the right of free religious belief, normal religious activities, and the legal right of religious communities have been protected by the law and government and the united front of religious circles under the party's leadership has been further consolidated and expanded. Basically speaking, the autonomous region's religious activities are normal and the general situation in religious work is fine.

In his speech, Qian Fenyong pointed out that it is of far-reaching significance that since the Fourth Plenum of the 13th CPC Central Committee, the third-generation CPC leading body with Comrade Jiang Zemin as a core has approached religious work from the high plane of regarding religious affairs as an important content in building socialism reflecting Chinese characteristics. In particular, the General Secretary of the CPC Central Committee, in the midst of pressing affairs, recently invited the country's five religious leaders to the Zhongnanhai central governmental place and regarded them as honored guests. During the reception, he gave important directives on unity and cooperation between the party and patriotic religious circles, on mutual respect of beliefs, on stability and continuity in the policy of enlivening the economy, and on further doing a good job in carrying out religious affairs. He stated that we should earnestly implement the directives and that maintaining social stability represents a fundamental premise in making success in all work. In implementing the policy on free religious belief, we should have stability in mind and render services for it.

During the forum, the principal responsible persons from the religious circles of Buddhism, Catholicism, Islam, and Christianity, including Wu Lan, (Wang Jiemin), (Zhong Dehai), and (Liu Beizhong), put forward their opinions and suggestions on further doing a good job in carrying out religious affairs and dealing with the specific problems currently cropping up in the implementation of religious policy.

Attending the forum were responsible comrades from the United Front Work Department under the autonomous regional party committee and autonomous regional civil affairs commission.

Meeting on Public Security Held in Hohhot

SK2502044791 Hohhot Inner Mongolia Regional Service in Mandarin 1100 GMT 24 Feb 91

[Excerpts] The regional meeting on comprehensive improvement of public security was held in Hohhot today. Major tasks of the meeting were to conscientiously study and implement the guidelines of the seventh plenary session of the 13th party Central Committee, the guidelines of the national conference on comprehensive improvement of public security, and the guidelines of the third enlarged plenary session of the fifth autonomous regional party committee, to summarize experiences, to analyze the situation, to enhance understanding, to uplift the people's spirit, and particularly to study and arrange the region's endeavor to comprehensively improve public security for some time to come, and its political and legal work for this year.

Zhang Dinghua, deputy secretary of the autonomous regional party committee, presided over the meeting. Attending were Chen Kuiyuan, Bai Junqing, Zhao Zhihong, and Wu Ligeng. [passage omitted]

Ma Zhenduo, secretary of the political and legal committee of the autonomous regional party committee, gave a speech at the meeting. He said: Our region has achieved notable results in political and legal work, thus effectively ensuring and promoting the smooth progress of reform, opening up, and economic construction. At present, the region's political, economic, and social situation is stable, its various nationalities are united, its border defense is strong, and its public security is also stable. However, we should remain clear-headed to note that numerous factors leading to instability continue to exist, and the public security situation remains grim. Party committees, governments, and political and legal departments at various levels should have a clear understanding of this, remain highly vigilant, achieve success in various areas of work, and make resolute efforts to maintain social stability and peace.

He pointed out: The basic ideas for the region's endeavor of comprehensive improvement of public security for this year are to persist in both the method of dealing blows and the method of prevention, and both radical and stopgap measures, with the focus on measures to effect a permanent cure, to pay attention to the work of key units to lead the work of other units, to pay attention to the work of one's own units to lead the work of the entire society, to pay attention to the work of grass-roots levels to lay a solid foundation, and to pay attention to implementation of measures [words indistinct]. Party committees and governments at various levels should work out five-year plans and annual plans for the endeavor of comprehensively improving public security in line with the Eighth Five-Year Plan for national

economic and social development. They should conscientiously improve the public security of such key areas as the cities under the jurisdiction of the region, the places where league commissioner's offices are located, main transportation lines, forest areas, and industrial and mining areas, and see to it that the society is stable, that major and serious cases and frequently-occurring cases are brought under control and gradually decline, that ugly phenomena in society are greatly reduced, that the cases committed by plant staff members and workers, and students are notably reduced, that fewer and fewer civil disputes intensify to become criminal cases, that public security is good, and that the people have a sense of security. We should implement the principle of having anyone in charge hold the responsibility, and encourage all departments to make concerted efforts. We should mobilize and rely on the masses to establish and improve the system for the masses to prevent crimes and improve public security, place the emphasis of the endeavor for comprehensive improvement of public security on the grass-roots levels, and greatly strengthen the basic work of the grass-roots levels so that grass-roots party and government organizations can become strong fighting bastions leading grass-roots work, and headquarters giving unified direction to and exercising leadership over the endeavor to comprehensively improve public security to ensure safety, and so that the various measures for comprehensive improvement can be implemented at the grass-roots levels. Party committees and governments at various levels should further strengthen leadership over the endeavor for comprehensive improvement of public security, improve the leadership system, and replenish and strengthen the organizations for this endeavor.

Speaking on further strengthening political and legal work, and giving full play to the functions of the organs for the people's democratic dictatorship, Ma Zhenduo said: Major tasks for our region's political and legal work for this year are to thoroughly implement the guidelines of the seventh plenary session of the 13th party Central Committee and the third enlarged plenary session of the fifth autonomous regional party committee, to unswervingly adhere to the party's basic line, to unflinchingly serve reform, opening up, and economic construction, to firmly persist in the people's democratic dictatorship, to strictly distinguish and correctly handle the two different kinds of contradictions, to continue to make all-out efforts to safeguard social stability, to deal strict blows to serious criminal and economic offenses, with the focus on comprehensively improving public security, to strengthen the political and legal work in various fields, to strengthen the political and legal contingent, and to provide a good social environment for socialist modernization, reform, and opening up.

Northeast Region

Sun Weiben Visits Yichun Forestry Workers

SK2302032491 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 22 Feb 91

[Summary from poor reception] Accompanied by Wang Haiyan, secretary of the provincial Discipline Inspection

Commission; Ma Guoliang, Standing Committee member and secretary general of the provincial party committee; and Wang Donghua, secretary of the Yichun City party committee; on the morning of 22 February, Sun Weiben, secretary of the provincial party committee, called on some staff members and workers of (Weiguo) tree farm of (Shangshanling) Forestry Bureau of Yichun City and their family members.

Secretary Sun Weiben first paid a Spring Festival call to (Lu Tongrui) and his family members. After that, he shook hands with (Lu Tongrui), and cordially talked with him.

Sun Weiben said with deep feeling: Heilongjiang's forestry workers have made great contributions to the whole country. What should we do now when we are confronted with a strain on natural resources and economic crisis? We should make concerted efforts to bridge over the difficulties.

Sun Weiben personally sponsored a meeting to especially hear the work report of Yichun forestry area on solving problems caused by the strain on natural resources and the economic crisis. Together with leaders of the Yichun City party committee, he also studied and worked out measures for solving the problems in this regard.

He urged staff and workers of the forestry area to study, in the course of bridging over difficulties, the Yichun City party committee and the city government's principles of readjusting the industrial structure and developing the substitute industries.

Jilin CPPCC Approves Personnel Changes

SK2402034591 Changchun Jilin Provincial Service in Mandarin 1030 GMT 23 Feb 91

[Text] The 16th meeting of the sixth provincial Chinese People's Political Consultative Conference [CPPCC] Standing Committee opened in the Nanhu Guesthouse of Changchun City on 23 February. Liu Yunzhao, chairman of the provincial CPPCC committee; and Gao Wen, vice chairman of the provincial CPPCC committee; respectively presided over the meeting during the morning and afternoon. Attending the meeting were vice chairmen of the provincial CPPCC committee, including Gen Yuelun, Luo Yuejia, Jin Minghan, Cai Qiyun, Feng Xirui, and Zhang Hongkui; (Zhang Jinan), director of the United Front Work Department under the provincial party committee; and 85 members of the provincial CPPCC Standing Committee.

During the meeting, the participating members discussed and approved the date of convening the fourth session of the sixth provincial CPPCC committee; the draft agenda of the session; the draft namelist of secretary general and deputy secretaries general for the fourth session; the resignation of Zhang Hongkui from his post of secretary general of the provincial CPPCC committee; and the resignation of (Lin Yunping) from his post of member of the provincial CPPCC Standing Committee. The last two resolutions

will be submitted to the fourth session for further discussion and approval. They also discussed and approved the resignations of (Wang Changyun), (Wang Baoguang), (Zhou Yongzhi), (Li Chunshan), (Yang Hua), (Zhang Chengfu), (Du Yinfu), (Lin Yunping), (Batubagen), and (Wang Yuzhu) from their posts of members of the sixth provincial CPPCC committee.

During today's meeting, the participating members also approved the namelist of 20 new supplementary members of the provincial CPPCC committee, including (Yu Weizhi), CPC member; (Ma Shiliang), [words indistinct]; (Wang Wencheng), member of the democratic league; (Wang Guijiang), CPC member; (Wang Zhenying), CPC female member; (Wang Shuguang), CPC member; (Qian Yufeng), CPC member; (Guan Dezheng), CPC member; (Liu Shaoxian), CPC member; (Liu Dechun), CPC member; (Li Gen), CPC member; (Zhang Fengming), nonparty personnel; (Zhang Tiejun), nonparty personnel; (Lu Caozheng), nonparty personnel; (Qiu Lianxiang), member of the democratic league; (Sun Tao), CPC member; (Ma Wenju), CPC member; (Hu Baoyuan), member of the democratic league; (Yan Yisheng), member of the association for promoting democracy; and (Yu Kexin) nonparty personnel.

CPPCC Committee Session Ends

SK2502014191 Changchun Jilin Provincial Service in Mandarin 1030 GMT 24 Feb 91

[Text] The 16th Standing Committee meeting of the Sixth Jilin Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] ended in Changchun today. At this two-day meeting, 85 Standing Committee members examined, discussed, and approved the agenda of the fourth session of the sixth provincial CPPCC Committee and relevant personnel items.

Today, after full deliberations, all Standing Committee members offered valuable opinions for the work report to be delivered by the provincial CPPCC Committee at the fourth plenary session of the sixth provincial CPPCC Committee and endorsed this work report in principle.

The fourth plenary session of the sixth provincial CPPCC Committee will open in Changchun on 26 February.

Liaoning CPPCC Meeting Opens 23 Feb

SK2402035391 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 23 Feb 91

[Text] The 13th meeting of the sixth provincial Chinese People's Political Consultative Conference [CPPCC] Standing Committee opened in the city of Shenyang on 23 February. The meeting is aimed at earnestly implementing the spirit of the Seventh Plenum of the 13th CPC Central Committee; discussing the work report of the provincial people's government; soliciting opinions from the participants on the work report; examining the draft work report of the provincial CPPCC committee; approving the namelist of new supplementary members and the matters of convening the fourth session of the

sixth provincial CPPCC committee; discussing the measures of making policy decisions through a democratic or scientific way; and discussing the written report on soliciting opinions from the meeting's participants on the work report of the provincial people's government, which will be submitted to the session of the provincial People's Congress for further discussion.

During the meeting this morning, the participating members earnestly read the written report on soliciting opinions on the work report of the provincial people's government and also held group discussion on the written report that afternoon.

During the meeting, the participating members with the high sense of responsibility and missions actively voiced their opinions on appraising the work done by the province in 1990 and making suggestions for the draft programs of the Eighth Five-Year Plan period and for the major tasks of 1991.

Attending the meeting as observers were comrades from the departments concerned of the provincial party committee, the provincial People's Congress, and the provincial people's government. Comrades from the departments concerned under the provincial people's government attended the meeting to directly hear the opinions and suggestions raised by the participants.

Attending the meeting were Xu Shaofu, chairman of the provincial CPPCC committee; Shen Xianhui, Chen Enfeng, Chen Yanzhi, Niu Pingfu, Liu Mingjiu, Ma Longxiang, Yue Weichun, Liu Qingkui, Peng Xiangsong, Li Qisheng, Li Ming, Wang Shuzhi, Zhang Yan, and Yu Jingqing, vice chairmen of the provincial CPPCC committee; Lu Binghua, secretary general of the provincial CPPCC committee; and more than 100 members of the provincial CPPCC Standing Committee.

Liaoning Holds Meeting on Public Security

SK2502032491 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 23 Feb 91

[Text] The provincial meeting on the comprehensive improvement of public security was held in Shenyang today. It was noted at the meeting: For some time to come, the province's endeavor to comprehensively improve public security should be guided by the party's basic line, focused on economic construction, which is the central task, and carried out under the unified leadership of party committees and governments at various levels. The entire party should be mobilized, all the people should make efforts, and all departments should coordinate with one another to attend to this endeavor. Political, economic, administrative, legal, cultural, and educational means should be adopted, and such methods as dealing blows, prevention, education, supervision, making improvement, and transformation should be combined to improve public security, deal blows to and prevent crimes, eliminate all factors leading to instability, and safeguard political and social stability.

Attending the meeting were Sun Qi, deputy secretary of the provincial party committee; Chen Suzhi, provincial vice governor; Zuo Kun, vice chairman of the provincial People's Congress Standing Committee; Xu Sheng, chief procurator of the provincial procuratorate; Zhang Huanwen, president of the provincial court; and leading persons of the pertinent departments of the province and Shenyang City. The guidelines of the national conference on comprehensive improvement of public security were relayed at the meeting. Provincial Vice Governor Chen Suzhi gave a speech. She said: Under the unified leadership of party committees and governments, all localities throughout the province have persisted in both the method of dealing blows and the method of prevention, and both radical and stopgap measures to tackle problems in a comprehensive manner over the past 10 years, thus making contributions to safeguarding the political, economic, and social stability of the province. Major manifestations are as follows: A great number of elements with serious criminal offenses who endangered public security and sabotaged reform and construction were cracked down on and handled according to law; criminal activities were conquered and checked; a great number of law-breaking criminals were educated, saved, and transformed to become law- and discipline-abiding new people; a number of criminal cases were prevented and reduced to safeguard public security and social order; a number of key localities and units were rectified and improved, having their chaotic public security and social order by and large changed; a group of advanced examples emerged to facilitate the endeavor of the comprehensive improvement of public security.

Speaking on future work tasks, Chen Suzhi emphasized: Party committees and governments at various levels should enhance their understanding of the importance of the endeavor to comprehensively improve public security, conscientiously strengthen leadership, continue to implement the principle of dealing blows to criminal activities sternly and promptly according to law, carry out the struggle to deal strict blows to criminals in an in-depth and persistent manner, greatly strengthen the basic work at the grass-roots level, and strive to implement the measures for comprehensive improvement of public security at the grass-roots level. All departments and units should pay great attention to implementing the principle of having persons in charge hold the responsibility, systematize and codified in law more rapidly the endeavor to comprehensively improve public security, and create a stable political environment and a good social order.

Liaoning Province Boosts Financial, Other Markets

OW2402210491 Beijing XINHUA in English
1512 GMT 24 Feb 91

["Roundup: Liaoning Gives Comprehensive Boost to Markets"—XINHUA headline]

[Text] Shenyang, February 24 (XINHUA)—In recent years various markets, including financial, technical,

service and production materials markets, have been developing rapidly in Liaoning, a leading industrial province in northeast China.

Although the planned economy accounts for the largest proportion of Liaoning's economy as a whole, the market sector is growing in a healthy way.

In 1990, while the economy suffered from a sluggish market and shortage of funds, Liaoning's financial markets were thriving.

Last year about 55 billion yuan was transacted through these financial markets—an all-time high. Hence, the financial markets played an important role in solving problems related to fund allocation.

Since last year people in Liaoning have rushed to purchase bond certificates, which nobody cared about before. In the provincial capital of Shenyang, the first city in China to set up a securities market, there are 80 bonds in seven categories on offer, including enterprises bonds.

In 1990 the province issued 1.77 billion yuan-worth of bond certificates. The business volume reached 770 million yuan-worth, some 25 percent of the national figure.

In the wake of the drive to adjust the industrial structure since 1988, many people lost their jobs but the service markets played an important role in placing them in alternative employment.

In 1990 about 260,000 people found jobs through the 680 service markets in Liaoning. Song Guoxiang, manager of the Liaoning Labor Service Company, said that unemployed people in Liaoning no longer rely on the government to find them jobs. They are now accustomed to looking for jobs via the service markets.

Last year about 20,000 contracts were signed in Liaoning's technical markets. The volume of business exceeded 760 million yuan-worth, accelerating the transfer of research findings to production.

Intellectuals, who used to care little about the market economy, now naturally go to technical markets with their inventions.

Production materials markets were chaotic in Liaoning in the past few years; there were once 6,000 units engaged in the exchange of rolled steel, some of them illegal. Now, every city in Liaoning has set up a unified steel market. Thus, the price of rolled steel has been brought under control and enterprises that need rolled steel urgently can get it from the market without a hitch.

In 1990 some 1.7 million tons of rolled steel changed hands in Liaoning's steel markets. The figure is two times that planned by the state.

Naturally, consumer goods markets are developing more rapidly. At present, Liaoning has 2,400 free markets dealing in farm products. About 80 percent of urban residents' non-staple foodstuffs are bought in the free markets.

An official at the Liaoning Commission for Restructuring the Economy said that although the best way to combine planned economy and market regulation still remains to be discovered, the present direction is a correct one because both enterprises and individuals can benefit greatly from markets.

Northwest Region

Gu Jinchí Warns Against Overambitious Projects

OW2302195291 Beijing XINHUA Domestic Service
in Chinese 2112 GMT 22 Feb 91

[By reporter Feng Cheng (7458 6134)]

[Text] Lanzhou, 23 Feb (XINHUA)—During his recent investigation and study tour of grass-roots units, Gu Jinchí, secretary of the Gansu Provincial CPC Committee, cautioned all city and county governments not to get overheated in setting the second-step strategic goals and in making plans for attaining these goals, to concentrate on key projects, not to overextend themselves, and not to launch projects blindly.

In late January and early February, Gu Jinchí, Governor Jia Zhijie, and other leading comrades conducted investigations and studies in Pingliang Prefecture and Qingyang Prefecture on the Longdong Loess Plateau. Gu Jinchí found that governments in all localities were very enthusiastic in setting second-step strategic goals and in making plans for attaining these goals; however, he also found that there were problems of concentrating too much effort on certain projects. Some of the prominent problems were: Many localities were overheated in deciding the scale of capital construction projects for the next few years, and it seemed that they were ready to rush headlong into launching projects; some localities planned to invest more than 1 billion yuan in capital construction projects alone in the Eighth Five-Year Plan period and planned to ask the provincial government for the majority of the funds for this investment; to win certain projects, some localities and units artificially curtailed investment budgets for these projects while boasting their benefits.

Aiming at the aforementioned problems, Gu Jinchí urged governments at all levels in the province, in drawing up their eighth five-year plans and 10-year programs, to grasp and properly handle three problems. He said: First, we should bear in mind the interests of the whole and the idea that the whole province and country is a single entity, and set an example in doing so.

Second, we should be aggressive in attaining the set goals, yet not go beyond our reach. Gansu is relatively backward in economic and social development, so it is understandable that everyone wishes to improve the situation as soon as possible. However, we should not rush headlong into launching projects in a big way. Instead, we should make use of our assets, concentrate our efforts on key projects, do only what we are capable

of, and pool necessary funds and materials for projects that concern general economic and social development.

Third, we should prepare adequate budgets for new projects so that we do not need to increase them later. In the past, many localities prepared tight budgets for their projects and made do with whatever equipment and facilities available; as a result, investment in many projects had to be increased again and again, and construction of many projects dragged on for years. These kinds of projects usually became obsolete before they were ready for operations. This is a very good lesson. In the future, economic results should be a top consideration for all new projects. Budgets for key projects should not be too tight; only advanced technologies and equipment should be used for these projects; and supporting projects should be launched at the same time. Leaders who try to use all kinds of pretexts and crooked means to win projects and investments and damage the state will be investigated for negligence of duty.

Inspects Dingxi Prefecture

HK2502113191 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 23 Feb 91

[Text] During his inspection of Dingxi, provincial party committee Secretary Gu Jinchí stressed: Party committees at all levels must successfully propagate and implement the spirit of the 13th CPC Central Committee's Seventh Plenary Session and the spirit of the provincial party committee's enlarged meeting. To this end, it is necessary not only to acquire an in-depth understanding of these two spirits but also to inspire the confidence of all people. It is imperative to strengthen confidence in socialism and raise consciousness in implementing the party's line and principles through propaganda.

From the day before yesterday to yesterday, Comrade Gu Jinchí, driven in an ordinary car and accompanied by a few junior officials, inspected and studied the situation concerning implementation of the spirit of the party's seventh plenary session and the spirit of the provincial party committee's enlarged meeting at the grass-roots level in Dingxi. Comrade Gu Jinchí happily listened to the work reports made by the Dingxi prefectural and county party committees and fully affirmed their work. He said: All areas should formulate the 10-year program and the Eighth Five-Year Plan on the basis of summing up the past experiences and in light of local conditions.

Over the past two days, Comrade Gu Jinchí visited the Gansu Adhesive-Bonded Fabric Carpet Factory, the Dingxi County Shoe Factory, the state-run (Jianzhong) Television Component Factory, and other enterprises to learn about the production situation there. The Gansu Adhesive-Bonded Fabric Carpet Factory is the sole exporter of Chinese adhesive-bonded fabric carpets. The factory has yielded very good economic results: It took one year to set up the factory and two years for the factory to recover all its investments. The factory has thereby contributed to the local finance. Comrade Gu

Jinchi urged the factory to try to defeat its rivals by producing quality, low-priced, and varied products to make new contributions amidst the Quality-Variety-Efficiency Year activities.

Gu Jinchi also visited some villages and peasant households to see peasants and learn in great detail about the situation concerning the peasants' production and livelihood. He also extended Lunar New Year greetings to the peasants. While visiting (Ma Zhang)'s home in (Daping) Village, Comrade Gu Jinchi gladly praised (Ma Zhang) and his family as glorious people who had achieved prosperity by relying on science, technology, and their own labor when he learned that they had already taken the road of prosperity thanks to the party's policy of enabling people to seek prosperity.

Deputy Secretary Janabil on Xinjiang Rural Work

OW2402125691 Urumqi Xinjiang Television Network
in Mandarin 1650 GMT 23 Feb 91

[By reporter (Li Zhicheng)]

[Text] Comrade Janabil, deputy secretary of the regional party committee and deputy head of the regional leading group for rural work, made a broadcast speech on rural work on 21 February. At the start of his speech, he extended cordial regards and paid high respects to the comrades of rural work teams at all levels on behalf of the party committee, the people's government, and the leading group for rural work of the autonomous region. He extended warm congratulations on the successful results they had achieved in their work. [Video shows medium closeup of Janabil speaking from script before microphones]

He said: Spring has come after winter. In the New Year, the work in our rural and pastoral areas will become very hectic. Comrades of rural work teams at all levels are shouldering an arduous but glorious task. Here I wish to put forward some requests and demands for you to meet:

1. You should take the initiative to coordinate with party committees and governments in various localities in publicizing and implementing the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee and the guidelines set at the 16th Enlarged Plenary Session of the Third Regional CPC Committee to mobilize the forces of all sectors to promote agricultural and animal husbandry production and to set an all-around high output record this year.

2. Continued attention should be given to socialist ideological education and the work of consolidating the grass roots in rural and pastoral areas. The above education should emphasize the following: First, it is imperative to conduct education in the love for our country, the collectives, and socialism. Second, it is imperative to give education in consolidating the rural policy and deepening rural reform. Third, it is imperative to continue education in strengthening national unity, safeguarding the unification of our country, and opposing

national splittism. Fourth, down-to-earth efforts should be made to prepare for spring farming. Fifth, it is necessary to work hard, overcome difficulties, and take the initiative to successfully fulfill the tasks of the rural work teams from beginning to end.

In conclusion, Comrade Janabil expressed the hope that every comrade of the rural work teams would carry forward the spirit of continuous fighting, work painstakingly, go deep among cadres, peasants, and herdsmen at the grass-roots level, and join them in making preparations for spring farming and in doing other work. He urged them to successfully fulfill the glorious tasks bestowed on them by the regional party committee and party organizations at all levels and make new contributions to ushering in the 14th bumper-harvest year and opening up a new situation of rural work in our region.

Xinjiang Official on Overseas Chinese Rights

OW2202120691 Urumqi XINJIANG RIBAO in Chinese
29 Dec 90 p 1

[Article by Jin Yunhui, vice chairman of the Xinjiang Uygur Autonomous Region People's Government: "Seriously Enforce the Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad"]

[Text] The "People's Republic of China Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad," approved at the 15th session of the Seventh National People's Congress Standing Committee and promulgated by Yang Shangkun, president of the PRC, by order No. 33, will be put into effect on 1 January 1991.

The "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad" is the first special law on protecting the legitimate rights and interests of returned Overseas Chinese and of family members of Chinese nationals residing abroad. It shows the common wishes of China's 30 million returned Overseas Chinese, family members of Chinese nationals residing abroad, and Chinese nationals residing abroad. It shows the party and state's concern and love for returned Overseas Chinese and family members of Chinese nationals residing abroad and plays a very important role in uniting with the vast number of returned Overseas Chinese, family members of Chinese nationals residing abroad, and Chinese nationals residing abroad. It brings their role in carrying out the great cause of developing the Chinese nation and unifying the motherland into full play.

The party and state always have paid attention to Overseas Chinese affairs. Protecting the legitimate rights and interests of returned Overseas Chinese and family members of Chinese nationals residing abroad is a consistent policy of the Chinese Government. The "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad" has,

through the enactment of a law, not only worked out the details of the principled stipulations of Article 50 of the Constitution of the PRC, namely, "protecting the lawful rights and interests of returned Overseas Chinese and of family members of Chinese nationals residing abroad," but also has stipulated in the form of law the principle "treat equally without discrimination and give appropriate preferential treatment by taking their characteristics into account," which has proven correct through many years' practice, and a series of specific policies, so that we can have a law by which to abide and can act according to law. We must strictly implement the "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad." In view of this, we must implement the following:

First, the autonomous region's governments at all levels and all government departments must implement seriously the "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad." Personnel working for state organs and holding public office and people in all circles must conscientiously study and understand the law and act in accordance with the law. It is necessary to take a correct attitude towards the "overseas relationships" of returned Overseas Chinese and of family members of Chinese nationals residing abroad, seriously correct the erroneous idea of discriminating against returned Overseas Chinese and family members of Chinese nationals residing abroad, which still exists in some places, and strictly investigate and correct acts which infringe upon the legitimate rights and interests of returned Overseas Chinese and family members of Chinese nationals residing abroad.

Second, it is necessary to continue to publicize well the "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad." Propaganda and judicial departments at all levels must publicize the law through all channels and by using a variety of methods, so that

the law is made known to every household and every person. We should see to it that the vast number of returned Overseas Chinese and family members of Chinese nationals residing abroad have mastered the use of legal weapons to protect their own legitimate rights and interests and that the broad masses understand and abide by law and conscientiously observe it.

Third, it is necessary to formulate the detailed rules and regulations for the enforcing the "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Residing Abroad" in accordance with Xinjiang's actual situation. In Xinjiang there are approximately 200,000 returned Overseas Chinese and family members of Chinese nationals residing abroad. Departments concerned should conduct an in-depth investigation and study, solicit opinions from the general public, and formulate corresponding detailed rules and regulations for the enforcement of the law so there is no mistaking the aim of the law. This will help develop the enthusiasm of returned Overseas Chinese of all nationalities and of family members of Chinese nationals residing abroad and make new contributions for Xinjiang's stability and development.

Fourth, it is necessary to strengthen the supervision over the enforcement of the "Law on Protecting the Rights and Interests of Returned Overseas Chinese and of Family Members of Chinese Nationals Abroad." It is necessary to bring the supervisory role of state organs, social organizations, and the masses into full play. It is particularly necessary to respect fully the important role of legal supervision and work supervision played by people's congresses at all levels and their standing committees and use legal means to protect the lawful rights and interests of returned Overseas Chinese and of family members of Chinese nationals residing abroad, so that this law is implemented in earnest.

Commentary Urges Trade Development Across Strait
OW2302203491 Beijing in Mandarin to Taiwan
0400 GMT 22 Feb 91

[Station commentary: "Economic Relations and Trade Between the Two Sides of the Strait Will Definitely Expand After the End of the Period of Mobilization and Suppression of the Communist Rebellion"]

[Text] The Taiwan authorities will announce the end of the Period of Mobilization and Suppression of the Communist Rebellion in May 1991. Taiwan entrepreneurs who have invested in the mainland generally maintain that economic relations and trade between the two sides of the strait will reach new levels once to the Period of Mobilization and Suppression of the Communist Rebellion ends. An enthusiastic appeal that the "3 Communications" be opened and the policy of "3 No's" be abandoned has already been sounded in nongovernment circles in Taiwan.

Recently Taiwan's ZHONGYANG RIBAO [CHUNG YANG JIH PAO] sponsored a discussion meeting on relations between the two sides of the strait. A meeting attendee pointed out: Relations between the two sides of the strait is in the process of passing from the Period of Mobilization and Suppression of the Communist Rebellion to exchanges, then from exchanges to negotiations, and eventually from negotiation to construction. The purpose of developing economic cooperation across the strait is to build China together. Both sides are obtaining real benefits from current exchanges. Both feel the rallying force of the same nationality and the trend of the time that the country must be reunited. Once the Period of Mobilization and Suppression of the Communist Rebellion ends, both sides of the strait should discontinue hostilities, lower barriers, improve understanding, and achieve common understanding. They must make new progress, particularly in developing trade and economic relations.

Taiwan businessmen will be very relieved psychologically when the Period of Mobilization and Suppression of the Communist Rebellion ends. They think that trade across the strait will definitely continue to be open and to develop. In recent years, Taiwan industries have had a craving to invest in the mainland. The percentage of Taiwan firms investing in the mainland had increased rapidly from 4 percent to more than 10 percent. Within the last two or three years, Taiwan businessmen have invested in over 200 shoe factories on the mainland. In January 1991, Taiwan exports to Hong Kong were double that of the same period of last year. Most of these exports were in transit to the mainland. According to estimates by relevant authorities, bilateral trade and investment across the strait will grow quickly in the next few years, creating a tripartite confrontation among the three mainland markets of China, the United States, and Europe.

According to relevant circles in Taiwan, bilateral trade between the two sides of the strait will continue to develop and will not decline, as long as there are comparative advantages in technology, land, and labor between industries on Taiwan and the mainland. People on both sides of the

strait need each other's commodities. Firms will continue to engage in entrepot trade through Hong Kong until there is direct shipping across the strait. The development of bilateral trade between the two sides of the strait will not create the problem of who is relying on who. However, it will stimulate bilateral economic development and contribute to the Chinese people's prosperity.

In the last few years, the general situation of bilateral trade and economic relations between two sides of the strait has been that the nongovernment sector has been positive and enthusiastic but the Taiwan authorities have been negative and passive. The current stage of development in bilateral trade and economic relations between the two sides of the strait has been possible only through strong pressure by the people and public opinion.

Once the Period of Mobilization and Suppression of the Communist Rebellion ends, trade and economic relations between the two sides of the strait should develop more directly in both directions. There are 81 stipulations on economic development in the regulations enforced during the Period of Mobilization and Suppression of the Communist Rebellion. How these 81 stipulations will be handled will directly affect bilateral trade and economic relations between two sides of the strait.

At this important juncture, the Taiwan authorities should abandon the notion of being content with retaining sovereignty over part of the country. They should abandon the "3 No's" policy by regarding national righteousness and China's future as their top priority. Once the Period of Mobilization and Suppression of the Communist Rebellion ends, they should follow the trend of history and create a completely new era in bilateral trade and economic relations between the two sides of the strait.

Official Says Taiwan Should Buy More PRC Coal

OW2402133891 Beijing in Mandarin to Taiwan
1500 GMT 21 Feb 91

[Text] Dear listeners: The exchanges between the two sides across the Taiwan Strait have become more and more frequent in recent years. The economic relations and trade between the two sides have been stable and made progress, and a good atmosphere has emerged in all respects. However, the two sides, separated only by a strip of water, have not yet made any big progress in economic cooperation in terms of coal trade. To our knowledge, Taiwan's main sources of coal supply remain to be Australia, the United States, Canada, and South Africa which are far away. This conforms to neither Taiwan's own economic interests nor the aspirations of industrial and commercial circles on both sides of the strait. With the development of economy on both sides, particularly with Taiwan's growing demand for energy sources, it is inevitable for the two sides to trade and cooperate in coal supply. How great is the potential of the cooperation, and how much can the mainland's coal industry support Taiwan's demand? To find answers to

these questions, our reporter (Chi Daomin) recently interviewed Mr. Hu Fuguo, vice minister of energy resources and president of the China National Coal Mine Corporation.

[Hu Fuguo] [Begin recording in Shanxi dialect] With development of friendly relations between the two sides across the strait, fairly great progress has also been made in the coal trade and technological exchanges between the two sides. Many Taiwan friends have come to discuss coal business deals or other cooperation projects in the last two years. Since 1988, the volume of coal trade between the mainland and Taiwan has increased at an annual rate of 50 percent. In 1990, we exported 660,000 metric tons of coal to Taiwan. Although the figure accounts for only a small portion of Taiwan's total coal import, the prospects are good. It was a good start. We can anticipate a further development in the relations of coal trade in the days to come. [end recording]

Analyzing Taiwan's energy needs, President Hu said: As everyone knows, Taiwan's energy needs are constantly increasing because of economic growth, and coal supply has become an important energy source problem for Taiwan. On the one hand, Taiwan is restricted by its limited coal deposits and coal mining capability. In recent years, Taiwan's coal industry has been withering rapidly. On the other hand, Taiwan since the 1970's has changed its energy consumption pattern and constantly increased coal imports. Its large enterprises, such as iron and steel enterprises and electric power enterprises, are having daily-increasing demand for coal, and so are its private enterprises. It is not hard to envisage that coal will be a major trade commodity between the two sides.

President Hu said: The mainland's coal industry is strong and should become a favorable factor for Taiwan's economic development. Statistics show that the mainland has a confirmed coal deposit of 890 billion metric tons located all over the country. The coal is of different grades which can satisfy the various industrial and economic needs. During the Seventh Five-Year Plan period, the mainland's coal industry made a further development of itself, with an average annual output increase of more than 40 million metric tons and the 1990 output reaching 1.08 billion metric tons. China ranks first in coal production among all countries in the world. In the next decade, China will further develop its coal industry, with a plan to raise its coal output to around 1.26 billion metric tons in 1995 and to 1.4 billion metric tons by the end of the century.

On why the two sides have not yet made large progress in economic cooperation in the field of coal trade, President Hu believes that the prospects for cooperation in coal trade between the two sides will be very good if the Taiwan authorities lift their restrictions on economic relations and trade between the two sides. He said that in order to accelerate the development of its coal industry, the mainland welcomes very much Taiwan industrialists and businessmen to carry out cooperation in various forms, such as joint ventures or one-owner enterprises, with the mainland's coal enterprises.

In conclusion, President Hu told our reporter: [Begin recording in Shanxi dialect] The mainland's coal enterprises are strong, as I told you at the beginning of the interview. China's coal enterprises are scattered in central and western parts of the country as well as in [words indistinct]. We can provide ample coal resources for Taiwan's economic development. I believe that Taiwan is having a daily-increasing demand for coal because of its economic development. [Words Indistinct] Such a trend is very clear to Taiwan. I believe that men of insight in Taiwan will choose the road of establishing a very good trade link with the mainland. [end recording]

Fujian, Taiwan Step Up Farming Cooperation

OW2502052591 Beijing XINHUA Domestic Service
in Chinese 2107 GMT 24 Feb 91

[By reporter Xiao Luntian (5135 0243 3240)]

[Text] Fuzhou, 25 Feb (XINHUA)— To cope with the rising trend of agricultural cooperation and scientific and technological exchanges between the two sides of the strait, a branch agricultural office of the Fujian-Taiwan Economic and Cultural Exchanges Promotion Council was recently set up in Fuzhou.

Since 1986, Taiwan businessmen have increased their agricultural investment in Fujian. The scope of investment has been extended to areas such as crop cultivation, livestock breeding, and the processing of agricultural sideline products. At the first comprehensive agricultural development exhibition held in January, Fujian attracted \$91 million of investment funds from Taiwan, which represented 29.6 percent of foreign investment.

Meanwhile, unofficial trade between Fujian and Taiwan has developed steadily. Native products and traditional Chinese medicines from the mainland have seen brisk sales on Taiwan. The annual sales of these products reached several million U.S. dollars.

PRC Positive on Table Tennis Team With Taiwan

OW2202121491 Tokyo KYODO in English 0922 GMT
22 Feb 91

[Text] Niigata, Feb. 22 KYODO—A top Chinese table tennis official has expressed hope for the realization of joint China-Taiwan doubles teams for April's world table tennis championships in Chiba, sports sources said Friday.

Li Furong, vice president of the Chinese Table Tennis Association, said during his visit to Niigata this week that he will discuss the matter with other association officials back home next week, adding that forming joint China-Taiwan teams is more significant than merely winning a match.

While both China and Taiwan have already completed their formal entries for the April 24-May 6 world championships to be held at the Japan Convention Center, it is still possible to change pairs or to form new pairs

across national boundaries, according to regulations of the International Table Tennis Federation.

But Chou Lin-zheng, secretary general of the Taiwan Table Tennis Association, who visited Japan early this week, said that while he would study the matter, there is

only about a 30 percent chance of joint teams being fielded because many details must be straightened out on the political level.

Beijing does not recognize Taiwan as a national entity, regarding it as a breakaway Chinese province.

President's Council Approves Unification Guidelines

OW2302184191 Taipei CNA in English 1546 GMT
23 Feb 91

[Text] Taipei, Feb. 23 (CNA)—The President's National Unification Council approved Saturday the Guidelines for National Unification drafted by the council's Research Committee.

Committee members had a heated discussion on details of the draft guidelines during the council's [words indistinct] meeting which lasted four hours and 25 minutes.

The meeting was chaired by President Li Teng-hui with all three vice chairmen and most of committee members participating.

One article in the guidelines calls for opening postal, transportation, and commercial links between the two sides of the Taiwan Strait and for the development of coastal areas in southeastern Mainland China.

Another article says high-level contacts across the strait should be promoted so as to create conditions favorable to [national] unification.

Chiu [Chin-yi, presidential spokesman] said the presidential office will ask the Executive Yuan to design and implement policy according to the guidelines.

Shih Chi-yang, a committee member and concurrently chairman of the cabinet Mainland Affairs Council (MAC), and MAC Vice Chairman [name indistinct] said MAC will soon call a meeting to study how to implement principles of the guidelines.

Text of Draft Guidelines

OW2502075791 Taipei LIEN HO PAO in Chinese
21 Feb 91 p 2

[Text] The Research Committee of the National Unification Council yesterday discussed, amended, and approved the draft "Guidelines for National Unification." This new draft will be the blueprint for discussion by the plenary session of the National Unification Council to be held this Saturday. If the draft is approved by the plenary session, it will be the final version of the guidelines and will serve as the government's supreme guiding principles for handling future relations between the two sides of the strait.

At yesterday's Research Committee meeting, which was chaired by Chiu Chin-yi, a member and convener of the Research Committee, members of the committee first heard a report on the Chinese Communists' response to the draft guidelines. Based on suggestions offered by members attending the last session of the National Unification Council and by people of various circles, the draft Guidelines for National Unification were amended and approved. The text of the amended draft guidelines are as follows:

I. Introduction

China's unification is the best way to make the country more prosperous and powerful and to further national development, as well as a common wish of Chinese people at home and living abroad. The two sides of the strait, on the principle of peace, equality, and mutual benefit, and through an appropriate period of sincere exchange, cooperation, and consultation, should achieve a common understanding of democracy, freedom, and equal distribution of social wealth, and make common efforts to reestablish a unified China. It was based on this conviction that these guidelines were drawn up. It is hoped that all Chinese people, both at home and living abroad, would work with one heart and one mind to implement these guidelines.

II. Purposes

To establish a democratic and free China with equal distribution of social wealth among the people.

III. Principles

1. The mainland and Taiwan are both Chinese territories; achieving China's national unification is a common task of all Chinese people.

2. China's unification is not a dispute between political parties, but something that should be based on the well-being of all Chinese people.

3. China's unification should be aimed at promoting Chinese culture, safeguarding human dignity, safeguarding basic human rights, and practicing democracy and rule by law.

4. In deciding the timing and fashion of China's unification, the wishes of the people in the Taiwan area should be considered first, and thought should also be given to the security and stability of Taiwan. Unification should be achieved in several stages on the principle of peace, equality, and mutual benefit.

IV. Process

1. Short-range—A Stage of Promoting Exchanges and Mutual Benefits

(1) The two sides should deepen mutual understanding through exchanges, and eliminate hostilities by promoting mutual benefits. In conducting exchanges, both sides should not jeopardize each other's security and stability, and, in promoting mutual benefits, they should not negate each other as a political entity, to establish a favorable mutual relationship.

(2) The two sides should establish an exchange order, establish regulations for exchanges, and establish arbitration organs in order to protect the rights and interests of the people on both sides. The two sides should gradually lift restrictions in various fields, and increase nongovernmental exchanges between the two sides to help develop each other's economy.

(3) To promote the well-being of the people on both sides, the mainland should actively promote economic reform, gradually liberalize the media, and practice democracy and rule by law. At the same time, Taiwan, under the goal of one China, should accelerate constitutional reform, exert itself in furthering national development, and establish a society in which social wealth is equally distributed among the people.

(4) The two sides should do away with the current hostile situation and settle all disputes peacefully. In addition, they, on the principle of one China, should respect each other in the international community, and should not try to exclude each other, so that they will gradually enter a stage of mutual trust and cooperation.

2. Mid-range—A Stage of Mutual Trust and Cooperation

(1) The two sides should establish official communication channels on an equal basis.

(2) The two sides should help each other in joining international organizations and in participating in international activities.

(3) The two sides should allow direct shipping and trade between the two sides, join forces in developing Fuchien [Fujian], Canton [Guangdong], and the Chu-chiang [Zhujiang] Delta, and gradually expand their efforts to other areas, in order to narrow the gap between the living standards of the people on the two sides.

(4) The two sides should exchange visits by high-level personages in order to create favorable conditions for consultations on unification.

3. Long-range—A Stage of Consultations on Unification

The two sides should establish an organization for consultation on unification, and, based on the wishes of the people on both sides and the principle of democracy, free economy, social equality, and nationalization of the Armed Forces, should discuss China's unification and study the nation's constitutional system, in order to establish a democratic and free China in which social wealth is equally distributed among the people.

Economics Minister on Taiwan-Mainland Trade

OW2202153191 Taipei CHINA POST in English
19 Feb 91 p 8

[Text] Trade across the Taiwan Straits will continue to expand as long as mainland China continues its economic reforms, according to Economics Minister Vincent Siew

Siew predicted that the chances are slim for the mainland to drop its economic reform program, but the pace of the reform is largely up to the successor to Communist China's paramount leader Teng Hsiao-ping [Deng Xiaoping].

According to the minister, if the transfer of power following Teng's death proceeds smoothly and his successor is willing to implement economic reforms, then mainland China's pace in implementing a market-oriented

economic system would be expedited and trade between both sides of the strait will surge significantly.

Siew said the fact that Hong Kong will be under Communist China rule in 1997 constituted a significant psychological barrier to enterprises.

However, in view of the considerable future sales potential of the mainland, quite a few foreign firms have moved to invest heavier than ever in Hong Kong, rather than withdrawing their capital from the British colony. Accordingly, Siew predicted that Communist China, in the initial years of its takeover, would allow Hong Kong to remain what it has been.

The annual indirect trade between Taiwan and the mainland reached a record high of US\$4 billion last year, and is expected to reach a new record this year, Siew added.

Presidential Spokesman on Exchanges With Mainland

OW2302184491 Taipei CNA in English 1541 GMT
23 Feb 91

[Text] Taipei, Feb 23 (CNA)—“Exchange of high-level visits across the Taiwan Strait” set forth in the National Unification Guidelines means those by “government officials,” President Li Teng-hui's spokesman said Saturday.

Chiu Chin-yi added that he does not exclude the possibility of exchanges and visits in the future by the respective highest authority [words indistinct] the mainland.

Meeting the press after the National Unification Council (NUC) approved the guidelines [words indistinct] (?article) of the guidelines as saying that (?equivalent) channels of (?communications) between officials of both sides should be established.”

For example, the directors-general of (?mainland and Taiwan host) offices would be the “high-level” officials for discussing the establishment [words indistinct] links [words indistinct] discussions between communications ministers (?would) follow the meetings of the directors-general, he noted.

The [words indistinct] that there is no timetable for reaching the short- and medium-range goals set by the NUC [words indistinct] eventual unification through short-, medium- and long-term stages.

Cross-strait relations are interactive; if things go smoothly, “perhaps we [words indistinct] enter into the medium- and long-term stages very soon,” he noted.

The spokesman warned, however, that if communist China keeps on isolating the Republic of China after it announces an end to the state of war between the [words indistinct] in May, no one can expect to achieve even the short-term goal.

Chen [name indistinct]-chieh, deputy secretary general (?of the private Foundation for Exchanges Across the Taiwan Strait (FEATS) [words indistinct] the short-term target is to promote mutually beneficial exchanges?”

This will be the most important stage for developing the bilateral (?ties soon), said Chen. The foundation will be commissioned by the cabinet Mainland Affairs Council (MAC) to handle civilian affairs arising from cross-strait exchanges.

Chen said FEATS and MAC are expected to sign a contract in March on matters to be handled by FEATS. Contents of the contract will [words indistinct], he added.

Foreign Minister Chien Holds Press Conference

Says Mainland Policy Unchanged

OW2202184891 Taipei CNA in English 1555 GMT
22 Feb 91

[Text] Taipei, Feb. 22 (CNA)—The Republic of China's [ROC] policy toward Peking will remain unchanged after the government declares an end to its 40-year-old "state of war" with Communist China in May, Foreign Minister Fredrick Chien said Friday.

Chien told a news conference that Peking is still working relentlessly to obstruct any ROC diplomatic efforts and to minimize its presence in international circles.

Just recently, Chien said, Peking has tried hard to prevent Australia, New Zealand, Hungary and other countries from establishing air links with the ROC.

Chien pointed out that Peking has persistently lodged strong protests with countries which plan to allow the ROC to set up representative offices under its official title.

Peking has also consistently tried to stop ROC officials from visiting the countries which maintain diplomatic ties with Peking, Chien said.

Asked whether senior officials from the two sides of the Taiwan Strait would be likely to exchange visits after the end of the "state of war" with the mainland, Chien said it would depend on the nation's overall mainland policy.

Offers Gulf Reconstruction Aid

OW2202184791 Taipei CNA in English 1454 GMT
22 Feb 91

[Text] Taipei, Feb. 22 (CNA)—The Republic of China [ROC] is willing to help reconstruct the Middle East after the Gulf war, Foreign Minister Fredrick Chien said Friday.

Chien told a press conference that the Foreign Ministry has conveyed the message to nations in the region through proper channels.

Chien said that before the outbreak of the Gulf war, many ROC contractors had undertaken construction projects in the Middle East, and that (?BES) Engineering Corporation and Ret-Ser Engineering Agency would consider helping reconstruct the region after the war.

Asked if the government would provide financial aid to Middle East nations again, Chien said the Foreign Ministry's fiscal 1991 budget for international affairs and humanitarian fund had run out, so the government would have to appropriate more funds if it decided again to aid Middle East nations.

The Republic of China has earlier provided financial aid to Jordan, Egypt and Turkey, the three frontline countries in the current Gulf war.

Official on Gulf Operations of Coalition Forces

OW2302045891 Taipei CNA in English 0342 GMT
22 Feb 91

[Text] Washington, Feb. 22 (CNA)—The Republic of China [ROC] on Taiwan is willing to fully cooperate with the United States in the implementation of its Persian Gulf policy and contribute to the effort in accordance with the ROC's ability, a senior ROC representative said here Friday.

Steven Chen, deputy representative of the Coordination Council for North American Affairs [CCNAA], told a forum at the Heritage Foundation that as a member of the world community, the ROC has always been willing to participate in international community activities and to assist countries that are in need on humanitarian grounds.

He pointed out that since the Persian Gulf crisis started on Aug. 2, 1990, the ROC Government has expressed on various occasions its support for the resolutions adopted by the United Nations Security Council, and has extended assistance to some frontline countries in the Gulf region.

Chen said that although the ROC is heavily dependent on Mideastern oil, the reason for its firm stand on the Gulf crisis is that the ROC is a peace-loving nation which has itself been a victim of aggression.

"The invasion and annexation of Kuwait by Iraq is beyond any reasonable doubt a naked aggression," he said.

Although the ROC is no longer a member of the United Nations, its constitution stipulates support of the U.N. Charter, which today still lists the Republic of China as one of the founding members of the United Nations, Chen said.

On the steps the ROC has taken in support of the U.N. Gulf effort, the CCNAA official pointed out that on Aug. 8 last year, Presidential Spokesman Cheyne Chiu voiced the ROC's support for global sanctions against Iraq. On the following day, the ROC Foreign Ministry issued a statement in support of the U.N. Security Council Resolutions 660 and 661 condemning Iraq and imposing sanctions on it.

On Sept. 24, Foreign Minister Fu Chien announced that the ROC would contribute 30 million U.S. dollars to three frontline states whose economies were affected by the Gulf crisis. Following the adoption of U.N. Security

Council Resolution 678 on Nov. 29, the ROC Foreign Ministry issued a statement the next day, urging Iraq to withdraw from Kuwait, Chen said.

Shortly after the military action began in the Gulf, President Li Teng-hui issued a message, voicing support for Operation Desert Storm and expressing the hope that the war would soon end and that the world order would soon be restored. On the same day, the Government Information Office also issued a statement reiterating the ROC's support for the 12 U.N. Security Council resolutions and urging Iraq to withdraw from Kuwait, Chen noted.

Meanwhile, the Red Cross Society of the ROC also cabled the International Red Cross Committee in Germany to offer medical and personnel assistance, he said.

Spokesman Supports UN Resolutions on Iraq

OW2402192591 Taipei CNA in English 1515 GMT
24 Feb 91

[Text] Taipei, Feb. 24 (CNA)—The government spokesman said Sunday that the Republic of China [ROC] supports the United Nations resolutions asking Iraq to withdraw from Kuwait.

Shaw Yu-ming, director general of the Government Information Office [GIO], also reiterated ROC support for the Bush administration's decision to expel Iraq from Kuwait.

The Republic of China has previously said that aggression should not be encouraged and Iraq should withdraw from Kuwait.

The GIO head also hoped that the Gulf war will end soon and peace will be restored to the Middle East.

Official Reassures Public on Gulf Ground Assault

OW2502124991 Taipei International Service
in English 0200 GMT 25 Feb 91

[Text] United States-led multinational forces began a ground assault on Iraqi forces on the morning of 24 February Taipei time. ROC [Republic of China] Presidential Press Secretary Chao Jen-ho 24 February said the ROC Government has already made full preparations for any possible impact the ground war might have on Taiwan. And he urged the people of Taiwan there is no need to worry.

Chao pointed out that since the beginning of the Gulf war, the Presidential Office and the Executive Yuan have maintained close contacts. President Li Teng-hui, he added, is also well aware that the cabinet and other related government agencies are fully prepared for any potential affects on Taiwan that might result from the breakout of the ground war in the Persian Gulf.

BOFT Plans for Entering Post-War Market

OW2302123291 Taipei TZU LI WAN PAO in Chinese
20 Feb p 11

[By reporter Luo Wen-ming]

[Text] As the Gulf war entered a new phase, economic and trade departments here indicated that government departments will adopt six appropriate measures for entering the post-war Middle East market.

The Board of Foreign Trade [BOFT] of the Ministry of Economic Affairs pointed out: After the end of the war, regardless of whether it is short or long, oil-exporting countries in the Middle East should be quite capable of undertaking domestic reconstruction on the strength of their oil exports.

The BOFT also indicated that in light of the huge market potentials accompanying the reconstruction of the Middle East after the war, departments concerned will adopt the following six measures to cope with the situation:

1. Coordination with departments concerned to maintain as much as possible air, remittance, and postal services with certain Middle East regions, lest business firms with orders from the Middle East for special commodities are unable to ship the merchandise or lose the Middle East market once the war ends.
2. Provide finances as much as possible to business firms with letters of credit from the Middle East which have already imported raw materials or produced export goods in order to help them redirect or postpone their exports, provided that their operational structures are sound.
3. Strengthen export promotion drives in oil-producing countries in other parts of the world, which will be the biggest winners in the Gulf war and whose economic situation will certainly be better than the oil consuming countries. Export promotion drives in these countries (such as the Soviet Union, Malaysia, Indonesia, and Brunei) should be stepped up to compensate for the losses in other markets.
4. Closely watch the corresponding measures taken by our trade competitors, such as South Korea, Hong Kong, Singapore, and Communist China, particularly concerning the extent of the effect of war on their domestic economies and the corresponding measures taken to cope with the price of oil, interest rates, and inflation. Units stationed in foreign countries should collect information for use by departments concerned and by business firms in the country.
5. Diversify our oil supplies to reduce the extent of oil impact on domestic commodity prices and maintain our export competitiveness.
6. Vigorously gather as soon as possible materials and goods needed for post-war reconstruction in the Middle East to have a head start after the war and to make up for the losses caused by the war.

Spokesman Comments on Relations With Thailand

*OW2402192391 Taipei CNA in English 1525 GMT
24 Feb 91*

[Text] Taipei, Feb. 24 (CNA)—Foreign Ministry Spokesman Huang Hsin-pi of the Republic of China [ROC] said Sunday that the change in political situation in Thailand will not affect the substantive relations between the two countries.

Huang said reports from Bangkok indicate that the safety of lives and property of ROC officials and Overseas Chinese in Thailand has not been affected by the incident.

The Thai military overthrew the government of Prime Minister Chatchai Chunhawan Saturday. A national peacekeeping council headed by Supreme Commander Gen. Sunthorn Kongsomiong has declared that it will honor its international obligations and ensure the safety of diplomatic officials in Thailand.

A Foreign Ministry official in Taipei said that although there are no diplomatic ties between the Republic of China and Thailand, both sides maintain close economic, trade, cultural and other substantive relations. The ROC maintains a Far East Trade Office in Bangkok to handle bilateral relations.

Import-Export Trade With U.S. To Be Promoted

*OW2202140891 Taipei CHINA POST in English
19 Feb 91 p 8*

[Text] The government will place equal emphasis on encouraging imports from and promoting exports to the United States this year, officials with the Board of Foreign Trade (BOFT) said.

BOFT officials said local exports to America have shrunk significantly in recent years as a result of efforts by both the government and manufacturers to diversify export outlets and reduce Taiwan's trade surplus with the United States.

However, as the United States remains the world's largest export market, the government here will still help local makers and traders develop exports to America while encouraging imports from the country, the officials continued.

Meanwhile, the BOFT has requested that the U.S. government give fair treatment to the ROC [Republic of China] and open procurement biddings to ROC companies.

Though America companies have been granted access to procurement biddings offered by government-run enterprises and organizations here, the ROC has been denied the opportunity to join the biddings of purchases by American government units or state-run companies.

Official Welcomes Expanded Trade With Israel

*OW2202191691 Taipei CNA in English 1549 GMT
22 Feb 91*

[Text] Taipei, Feb. 22 (CNA)—The Republic of China pays great attention to the expansion of its foreign trade and economic ties so it welcomes any country, including Israel, willing to increase its trade with this country, said Sheu Ke-sheng, director general of the Board of Foreign Trade.

Setting up offices in each other's territory would have great promise and would certainly improve trade and economic relations between the countries, Sheu said.

Two-way trade between the Republic of China and Israel totaled U.S.\$170 million last year.

The ROC last year sold U.S.\$127 million worth of goods to Israel and bought Israeli products worth U.S.\$43 million.

European Affairs Task Force Set Up in Brussels

*OW2202144391 Taipei CHINA POST in English
19 Feb 91 p 8*

[Text] The government has set up a European affairs task force in Brussels, Belgium, to promote Taiwan's ties with the European countries which will be integrated into an economic, monetary and political union in 1992, according to informed sources.

The sources quoted economics officials as saying that the European Economic Community will play a dominant role on the world's economic and political stages after it is formed, and will therefore have a major influence on Taiwan's trade and political ties.

The task force will unite and strengths of the government's foreign affairs, economic affairs and agricultural sectors to develop reciprocal relations between the ROC [Republic of China] and members of the European Economic Community, the officials said.

The task force will also move to seek support from European countries for Taipei's bid to rejoin the General Agreement on Tariffs and Trade, the officials said.

Hao Po-tsun's Comments on 4th Nuclear Plant

*OW2202140591 Taipei CHINA POST in English
14 Feb 91 p 12*

[Text] Both Kuomintang (KMT) and Democratic Progressive Party (DPP) politicians yesterday criticized Premier Hao Po-tsun's remarks asserting the necessity of constructing the 4th nuclear plant on Taiwan.

Legislators Jaw Shau-kong (KMT), Lu Hsiu-yi (DPP) and Taipei County Commissioner You Ching (DPP) said Hao's statement would not only bias the view of groups reviewing the plant's construction but would also violate requirements that such a decision be made only after environmental impact assessments are completed and studied.

The premier made the controversial remarks at a year-end press conference yesterday, saying the 4th nuclear plant must be built to improve the standard of living for the people of Taiwan.

Politicians protested the Cabinet's overt support of the project, claiming the review bodies would become the government's rubber stamp.

While supporting a referendum on whether to build the plant, You said any opinion pro or con should be expressed and fully discussed before a referendum is conducted.

Overseas Chinese To Remain in Legislative Bodies

*OW2502053591 Taipei International Service
in English 0200 GMT 24 Feb 91*

[Text] Chairman of the Overseas Chinese Affairs Commission Tseng Kuang-shun stated on Saturday, at a meeting of Overseas Chinese and academics who returned to Taiwan for the Chinese New Year, that having Overseas Chinese representatives as members of the nation's parliament bodies is something that all sectors recognize as important. Therefore, the Constitutional Reform Task Force has preliminarily decided to maintain a quota for Overseas Chinese in the National Assembly and the Legislative Yuan. As to the Control Yuan, the nation's highest watchdog body, Tseng said authorities are still looking into the situation.

Over 300 returning Overseas Chinese and academics attended the meeting.

Hong Kong

Beijing Rejects Airport Project Alternatives

HK2402020891 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 24 Feb 91 p 1

[By Shirley Yam in Beijing]

[Text] Hong Kong's proposed options for the new airport and related projects have been rejected by China.

As the latest round of talks on the controversial airport ended in Beijing yesterday, mainland officials also asked for a revision of the powers of the controversial Airport Authority, which they described as too sweeping.

China has proposed the establishment of an infrastructure development consultative committee—similar to the Government's advisory committee—to monitor the Airport Authority activities. The committee would be made up of Hong Kong people.

But despite these differences, Hong Kong and China are believed to be closer to agreement and a fourth round of talks is expected.

The date of additional talks will not be resolved until the Director of the State Council's Hong Kong and Macao Affairs Office, Mr Lu Ping, visits Hong Kong on March 3.

Speaking yesterday after the three days of talks in the Diaoyutai State Guest House, team leaders hailed the discussions as being "friendly and useful".

They made their remarks in a five-minute press briefing which surprised most Hong Kong reporters, who had been kept in the dark following a press blackout on the meeting.

The Chinese team head, Mr Luo Jiahuan, said discussion had focused on the projects' financial arrangement, the Airport Authority and the set up of a consultative committee among Hong Kong people.

Mr Luo said the discussion atmosphere was "friendly" and that preliminary talks were on schedule.

Sources said the suggestions had been made in written form for the first time.

Reports say his remarks were in sharp contrast to those following the last round of talks, which ended in deadlock with China claiming a veto power on issues straddling 1997.

Nevertheless, a Chinese source said the mainland experts found all alternative packages proposed by their Hong Kong counterparts "not suitable".

The options had been aimed at re-evaluating the priority of the airport and related projects.

"China really wants to increase the transparency of Hong Kong's various large scale infrastructural projects. As I have said before, it is necessary because the money will be paid by the taxpayers," said Mr Luo.

Hong Kong team leader Mr Hamish Macleod confined his comments to the meeting's mood.

"I think the atmosphere has been good, has been friendly. We have had three busy days of useful discussion," he said.

PRC Wants Airport Consultative Committee

HK2502050691 Hong Kong SOUTH CHINA MORNING POST in English 25 Feb 91 pp 1, 2

[By Caitlin Wong]

[Text] The Government will consider China's proposal to establish a consultative committee on the new airport project, the Financial Secretary, Sir Piers Jacobs, said yesterday.

But it would first have to look into the likely membership and terms of reference of the committee before making a decision, he added.

Speaking after officiating at the Post Office families fun day, Sir Piers said there should be no duplication between the duties of the proposed consultative committee and the Provisional Airport Authority (PAA).

"If there were such a committee, it would be there for an entirely different purpose," he said.

Legislative Councillor and PAA member, Mr Ho Sai-chu, also said yesterday that the proposed consultative committee was worth considering.

He suggested that the committee should not only advise on the Chek Lap Kok airport project, but also collect and reflect local people's opinions on the total multi-billion dollar port and airport development scheme.

"The committee can also give advice on the port facilities and the road network," he said.

He also agreed with Sir Piers that the proposed committee should not conflict with the Airport Authority.

The idea of a joint panel on the airport and related projects was raised by Mr Zuo Mu, a senior local New China News Agency official, last Tuesday before the third round of Sino-Hong Kong airport talks began in Beijing.

The three-day session ended on Saturday and the leader of the China team, Mr Luo Jiahuan, said in Beijing that both parties had had a "practical and useful" discussion.

He said the latest talks covered three major aspects: financial arrangements for the airport project, the Airport Authority and the establishment of a consultative committee on Hong Kong's large-scale projects.

He said Hong Kong and China would continue to talk about the new airport, and the Hong Kong visit to be made next month by Mr Lu Ping, the Director of the Hong Kong and Macao Affairs Office under the State Council, would provide a good opportunity for further discussion.

Meanwhile, the leader of the Hong Kong expert team, Secretary for the Treasury, Mr Hamish Macleod, welcomed Mr Lu's visit.

On returning from Beijing yesterday afternoon with the other five members of the Hong Kong team, Mr Macleod said the atmosphere of the talks was good and friendly, but he refused to comment further.

Commenting on the Sino-Hong Kong airport talks yesterday, Sir Piers said the Government was waiting to hear from the Hong Kong team before phasing the airport related projects.

"We have been keeping in very close contact with Hamish (Macleod)," he said. "But we would like to have the opportunity of discussing it a little bit further during the course of this week," he said.

Asked to comment on what effect the ground war in the Middle East would have on Hong Kong's economy, Sir Piers said it was too early to predict the impact of the Gulf conflict.

"I could not make any prediction at this stage. Obviously it does introduce a degree of uncertainty into our affairs. It makes the forecasting even more difficult," he said.

Ambassador Concerned Over Airport Financing

HK2302081891 Hong Kong TA KUNG PAO in Chinese
23 Feb 91 p 8

[Report: "Ambassador Guo Fengmin Says China Is Concerned About New Airport's Financing"]

[Text] Yesterday, Guo Fengmin, chief Chinese representative of the Sino-British Joint Liaison Group, said that the Chinese side hoped that a new airport consulting committee consisting of nonofficial people in Hong Kong would be set up to collect opinions among the people. The Chinese side also hoped to establish channels to learn about the progress of the airport project and the relevant policy decisions in order to ensure that the financial expenditure on the airport project will not add financial burdens to the future special administrative region government in Hong Kong.

Guo Fengmin talked about the new airport and other issues last night at a spring festival banquet with the local press. He reiterated that the Chinese Government had not expressed its attitude toward the new airport issue, and the main worry was that the new airport project might bring financial burdens to the Hong Kong Special Administrative Region government. He said: On 1 July 1997, Britain will return Hong Kong to China, and the central government will authorize the local people to govern Hong Kong. China does not want to see a debt-laden government passed to the hands of the Hong Kong people.

He pointed out that China is concerned about the financial arrangements for the new airport for three reasons: First, some foreign companies are worried that there will be no

guarantee for their interests after 1997 if they invest in the airport project now without getting China's support for the airport project, and the Japanese officials in Hong Kong have explicitly expressed such worries to the Chinese officials. Second, in recent years the salaries of civil servants increased rather rapidly, and they also enjoyed a lot of promotion opportunities. If there is more solid financial reserve, the morale of the civil servants will be better guaranteed. Third, the maintenance of a substantial amount of financial reserve and foreign exchange funds will have a psychological impact on the stability of the Hong Kong dollar, especially as Hong Kong may encounter certain complicated conditions in the transition period.

Guo Fengmin said: The Chinese side always agrees that more Chinese people should be appointed to senior official posts in the Hong Kong Government, but the recent appointment of the next secretary of finance was rather disappointing. The Chinese side hopes that more senior civil servants may be brought up among the current civil servants.

When talking about the British nationality selection scheme, he pointed out that the scheme produced very bad effects on civil servants and simply divided them up. For example, some people applied for the right of abode in Britain because they saw that their colleagues did so; some other people were worried that once they applied for the right of abode in Britain, their authority after 1997 would be affected, so they were at a loss. Guo Fengmin said that the Chinese side was always opposed to the scheme, and never discriminated against the civil servants who applied for the right of abode in Britain.

On the issue of stationing troops in Hong Kong, Guo Fengmin stressed that as a symbol of restoring the exercise of sovereignty over Hong Kong, China will station troops in the urban area as well as in the New Territories in the future. China also hopes that the British side will return the current barracks and facilities of the British armed forces to the Chinese side so that the Chinese side can decide on the use of these places. He questioned the necessity of the land reclamation plan along the waterfront of Wanchai and the Central District because the project may affect the harbor currents. Moreover, as the British armed forces have used the Tamar naval base for so many years, why can the Chinese side not also station troops there?

He revealed that the Chinese side will agree with the establishment of the British consulate general in Hong Kong, although the Sino-British Joint Liaison Group has not discussed this issue. It is expected that there will be no trouble on this issue.

Guo Fengmin finally indicated that the Sino-British Joint Liaison Group this year will discuss the issue concerning some public utility companies the charters of which may extend beyond 1997, and the expert group on international rights and duties will begin to discuss Hong Kong's participation in various international and regional conventions. This may involve Hong Kong's position in more than 300 such conventions, and the work is expected to be completed in two to three years.

Survey Shows Lack of Support for Government*HK2502015891 Hong Kong SOUTH CHINA
MORNING POST in English 25 Feb 91 p 2*

[By Andy Ho]

[Text] The Government's popularity rating has slumped to its worst showing over the past 16 months.

According to a recent independent survey on the administration's level of performance, only seven per cent of people say they are satisfied with the way Hong Kong is being governed.

This compares with 38 per cent in October 1989 when the Government was working overtime to minimise the effects of the June 4 Beijing massacre, and 25 per cent in July last year.

At the other end of the scale, the number of people dissatisfied with the Government's performance has almost trebled from 10 per cent last July to 29 per cent last month. The figure was eight per cent 16 months ago.

The telephone survey, co-sponsored by the SOUTH CHINA MORNING POST, was carried out by Asian Commercial Research and involved 634 Cantonese speaking citizens being contacted late last month.

The representative sample was asked: "How satisfied are you with the way the Hong Kong Government has been doing its job in the last two or three months?"

As in the previous two surveys, around 50 per cent said the Government's performance was average, while 12 per cent did not give any opinion.

Neither age nor sex appeared to have a significant bearing on how the residents assessed the administration.

However, people on Hong Kong Island tended to be more supportive of the Government than those in Kowloon or the New Territories.

Fifteen per cent of the islanders thought the administration had done an extremely good job.

Among other social issues, Hong Kong saw a surge in violent crime in the period before the latest poll was held.

It has also been embroiled in a row with China over the proposed Chek Lap Kok airport.

Shandong's Jiang Chunyun Meets Hong Kong Group*SK2202055291 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 21 Feb 91*

[Text] On the afternoon of 21 February, at Nanjiao Guesthouse, Jiang Chunyun, secretary of the provincial party committee, and Zhao Zhihao, governor of the province, cordially met with the Hong Kong group to observe the Confucius cultural exhibition, headed by Zhang Junsheng, deputy director of the Hong Kong branch of Xinhua Bookstore.

It has been decided through discussion by the provincial publishing house and the Hong Kong branch of Xinhua Bookstore that this summer the Confucius cultural exhibition will be cosponsored in Hong Kong by Shandong Province and the Hong Kong branch of Xinhua Bookstore. This exhibition will comprise four major parts—books, handicraft articles, photos, and painting and calligraphic works. At the same time, a sales exhibition on Shandong's local and special products as well as handicraft articles and a symposium on some economic and trade projects will be held.

During the reception, on behalf of the provincial party committee and the provincial government, Jiang Chunyun extended a welcome and expressed thanks to the Hong Kong observation team for its special trip to Shandong Province for discussing and making arrangements for the exhibition. He said: Confucius culture is not only an outstanding cultural heritage of China, but is also an outstanding cultural heritage of the world. Holding the Confucius cultural exhibition in Hong Kong will play a key role in promoting China's cultural exchanges with Hong Kong and Southeast Asia, and in accelerating the peaceful reunification of our motherland. Shandong will make positive arrangements for this exhibition, and will try its best to make it a success.

Jiang Chunyun expressed thanks to the Hong Kong branch of Xinhua Bookstore for its concern and support for Shandong over the past several years, and particularly for its positive endeavors in supporting Shandong's opening-up.

Zhang Junsheng expressed that his branch would make continued efforts to support Shandong's opening-up.

Also present at the reception were Ma Zhongcai, Standing Committee member and secretary general of the provincial party committee; Li Chunting, vice governor of the province; and responsible comrades of departments concerned.

Macao**Ji Pengfei, Lu Ping Leave for Macao, Hong Kong***OW2502105991 Beijing XINHUA in English
1034 GMT 25 FEB 91*

[Text] Beijing, February 25 (XINHUA)—Ji Pengfei, chairman of the Committee for Drafting the Basic Law of Macao Special Administrative Region (MSAR), and Lu Ping, director of the Hong Kong and Macao Affairs Office Under the State Council, will visit Macao from February 27 to March 2 at the invitation of the Basic Law Consultative Committee of the MSAR, it was learned here today.

Also as guests of Governor David Wilson of Hong Kong and Director Zhou Nan of the Hong Kong branch of XINHUA NEWS AGENCY, Ji and Lu will pay a visit to Hong Kong from March 3 to 13 after their Macao tour.

When Ji left Beijing today, he was seen off at the airport by British and Portuguese diplomats in China.

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28 Feb 1991

